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# ***Daily Report***

## ***Supplement***

# **East Europe**

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Monday

14 June 1993

# East Europe SUPPLEMENT

JPRS-EER-93-054-S

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14 June 1993

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**\* Romanian From Cluj Seeks 'Interethnic Dialogue'**

93CH0668B Budapest HETI MAGYARORSZAG in Hungarian 14 May 93 p 7

[Interview with Dr. Octavian C. Buracu, a geologist and president of the Interethnic Dialogue Society, by Mihaly Andras Beke in Cluj; date not given: "Organized Slander Campaign Against Tokes"]

[Text] *A delegation from the Interethnic Dialogue Society headquartered in Kolozsvar [Cluj-Napoca] will visit Hungary in May; the society wants to elect Arpad Goncz as its associate honorary chairman, alongside Doina Cornea. Formed in the spring of 1990 to reconcile various ethnic groups, the Society is trying to initiate dialogue regarding sensitive and timely interethnic issues. Most recently they celebrated King Matthias's 500th birthday while Mayor Funar made mockery of the king's statue in Kolozsvar. A Hungarian, a German and a Jew serve as the society's vice chairmen. Its chairman is geologist Dr. Octavian C. Buracu, also an Orthodox priest and the 14th and youngest son of a peasant party representative of long ago. His wife is Hungarian and his two daughters speak both languages well. In recognition of his participation in the December 1989 revolution, Buracu was elected Kolozs [Cluj] County's representative to the provisional parliament of Romania. He also served as the county's first prefect. Three years ago he signed the sister-city contract between Kolozsvar and Pecs, on behalf of the Romanian party to the agreement.*

[Beke] What motivated you to expose yourself in the framework of the very sensitive Hungarian-Romanian issue?

[Buracu] Mostly the love I feel for my country. I believe that as a Romanian, who feels like a Romanian, I can contribute most to my country by struggling to achieve a situation in which ethnic groups coexisting in Romania can feel at home. Hungarians constitute the largest ethnic group, and here in Romania they often rightfully feel that they do not enjoy the individual, and mainly the collective rights to which they are entitled. I agree with these feelings. An interethnic tragedy is going on in our neighborhood, in the former Yugoslavia, and interethnic disputes also exist in Trans-Dniestria. I believe that amid the tragedy in Europe we are witnessing, reconciliation gives us the sole chance for coexistence, democracy and prosperity. This is the most I can do for my country, I think. The greatest concern faced by Romania today is neither political, nor social, nor economic in character, instead it is of an ethnic nature. The first thing we must watch out for is that we prevent a situation in which the conflicts fueled by extremist forces degenerate—the conflicts they use to justify their policies. They frequently threaten me, I get discouraged once in a while, but the encouragement I receive from my many Hungarian and Romanian friends return my strength to fight, because I am convinced that I am waging a just fight for the benefit of my homeland. They regard me a traitor,

even though it is my Romanian conscience that stimulates me to engage in this political struggle.

[Beke] In other words, are not the Vatra people who voice patriotic slogans good Romanians?

[Buracu] Of course not. In his election campaign Adrian Motiu, one of the leaders of the Romanian National Unity Party, persuaded the Romanian villagers in Kolozs County that the Hungarians wanted to build a highway between Budapest and Csikszereda [Miercurea-Ciuc], and that they would demolish their homes and take away their land. This incited the people to a point where they demanded death upon Hungarians. And this man is not facing a court, instead he is a member of parliament and of the parliamentary delegation that represents Romania in Strasbourg. I am aware of the fact that nationalism is gaining strength throughout Europe, and that Hungary, too, has nationalist groups. But while these nationalist forces are not being encouraged by governments anywhere, in Romania the governmental power has entered into a pact with them. In vain does the president deny his links to nationalist extremists: Just the other day they publicized in Kolozsvar a cooperative agreement between Iliescu's Democratic National Salvation Front and the Great Romania Party. Even if President Iliescu does not overtly encourage these people, he let loose Funar and his associates, so that he appears as a democrat compared to the extreme they represent.

[Beke] Even though his official government pronouncements after the 1989 turnaround he made serious promises to the nationalities. How do you explain the change in his conduct?

[Buracu] His change is of a political nature. He removed himself from the Hungarian ethnic group to obtain the Romanian vote. Mr. Cimpeanu experimented with a similar strategy. Both of them played out the Hungarian threat, they played the irredentist card. This has a strong impact on the large, uninformed segment of the populace. In Romania 40 percent of the voters live in villages, they do not read newspapers, do not listen to the radio, they are affected only by the televised government propaganda. This mass of voters returned the neocommunist to power.

[Beke] Considering these kinds of voters, this mass in the background, is today's opposition going to be able to pursue tolerant nationalities policies if, by any chance, it takes power?

[Buracu] This is a very sensitive issue. Changing the mentality of the Romanian mass of voters will be a slow, and rather lengthy process. I believe that, unfortunately, today's government will be the winner in the next elections. There is no way of convincing 40 percent of the electorate—part of the peasantry and the workers—that the time has come to find yet another way out. The way our situation is evolving, the peasantry suffers less, they find themselves in a less orphaned situation in the struggle for food, moreover, their situation has seemingly improved as compared to what they had during the



Ceausescu era. This mass is going to continue to support the government, it does not consider how its future evolves if today's opposition accedes to power.

[Beke] Only those become incited who can be incited. If, as you said, the Hungarian threat card can always be effectively played, the eternal anti-Hungarian sentiments of the Romanian masses must be motivated by some deep-seated sociopsychological cause. What is that cause?

[Buracu] History. People have yet to understand what civilized nations have. The French and the German have already reached the point where they are able to find a way to peacefully coexist within a unified Europe. We have yet to reach that point. In Romania they still invoke a Hungarian, a German and a Jewish threat and call upon the people to unite and to defend themselves. We should be brought to understand that a country is like a mother with several children: a country has several ethnic groups. One is smaller, the other is larger, but the mother must love all of them the same way. This is hard to understand, and under today's government I do not see a chance for changing this mentality. This mother should be giving everything to its ethnic groups, even if one consists of only a hundred people. Do they want native language schools? Let them have it! Do they want a university? Let them have it! Do they want a chief consulate? They should give the permission. As long as there are three Russian, two German, a Serb and an Italian chief consulates in this country, why shouldn't there be a Hungarian chief consulate? Two million Hungarians live in Romania, after all! A chief consulate would mean cultural and economic relations, it would serve as a bridge between the two nations. But what can we expect from the ordinary people, as long as General Cheler, the commander in chief of the Romanian Fourth Army in Transylvania, a member of the country's supreme defense council, calls me a traitor in the Kolozsvár newspaper because my wife is Hungarian, and because he has a film that shows me dancing the csardas [Hungarian dance] at a ball?

[Beke] What do you think of Bishop Laszlo Tokes's announcement that whipped up a big storm, in which he said that a certain kind of ethnic cleansing has been going on in Romania for 70 years?

[Buracu] Mr. Tokes is absolutely correct. He is referring to the struggle in which one ethnic group is trying to squeeze out another from a given area. I could add to this, that the power structure is creating a situation that also forces many Romanians to leave. All of them are from the opposition. We are witnessing political cleansing. The youth that took part in the revolution has left. I hear frequent complaints from people who were wounded or crippled in the revolution: They are being threatened and spat upon. From heroes they turned into intimidated people. The campaign against Tokes is conducted very consciously, they want to compromise him, too, and they want to do the same with the December revolution itself, a revolution that was undoubtedly sparked by Tokes's conduct. I have very great respect for Laszlo Tokes, and I was shocked to hear that the organized slander campaign achieved its results among some Hungarians in Hungary and even in Romania, and even among some Romanian opposition figures. We all err sometimes, and it could be that Tokes, too, has erred, but we cannot deny his merits for being mistaken once.

[Beke] The prefect scandal in Szekely land, the appointment of Romanian prefects in the two, mostly Hungarian-inhabited counties proves Tokes's statement correct, or does it not?

[Buracu] The Interethnic Dialogue Society views this step as a provocation. Not to mention Mr. Funar's statement, in which he demanded that only Romanians be appointed to the prefects' offices in these two counties. This has already taken place in Kolozsvár. Immediately after the revolution the Hungarian populace was represented by Hungarians in the city's leadership. By now we do not find a single Hungarian in the prefects' and mayors' offices, or heading the enterprises. This is the clearest form of ethnic cleansing!

### **Bosnian Croats Lose Support of Church**

AU0906104293 Zagreb GLOBUS in Serbo-Croatian  
4 Jun 93 pp 3-4

[Article by Davor Butkovic: "Herceg-Bosna Seceded From Croatia"]

[Excerpts] "Mr. Mate Boban is demanding of Cardinal Franjo Kuharic that he stand behind the Croatian people, just as Patriarch Pavle is standing behind the Serbs! The next step might be the announcement of a crusade in Bosnia. Boban would like the church to pronounce as butchers all those who are killing throughout Bosnia and to start a war against them. However, the church is not going to do that. Not because it approves of slaughter, but because it leaves it to God and civil society, that is say the courts, to pass judgments. The greatest danger for the church would be to think the same way as Boban does!" This is what Reverend Ivan Cvitanovic, famous theologian and priest of Split cathedral, said, when we asked him to comment on the letter Boban sent late in May to Cardinal Kuharic, Zagreb's archbishop and chairman of the Croatian Bishops' Conference.

Boban's letter is probably the greatest political scandal that has happened since the downfall of communism. About 15 days ago Cardinal Kuharic made an appeal for peace in Bosnia-Herzegovina, in which he criticized also Croats, and their role in Croatian-Muslim clashes. In his appeal he says that Croats in Bosnia-Herzegovina are as responsible for possible sanctions that may be implemented against Croatia as they are responsible for the Croatian-Muslims clashes. Nor does the appeal exclude the possibility that Bosnian Croats are also responsible for war crimes.

Several days later Boban, who had obviously understood that the cardinal's criticisms referred to him, responded to Kuharic's appeal with a long letter. From the time of the Independent State of Croatia [NDH] in World War II up to now, not a single Croatian anticommunist politician has used such a harsh, deprecating, and almost patronizing tone while addressing Zagreb's archbishop. SLOBODNA DALMACIJA published Boban's entire letter, while VECERNJI LIST and VJESNIK published excerpts of it. The Croatian Television almost did not mention the letter at all, while other newspapers paid almost no attention to it—no commentaries, interviews, or inquires, nothing. The most severe attack ever made by a noncommunist politician on the head of the Croatian Catholic Church was actually ignored.

The silence over Boban's attack on the Archbishop of Zagreb is not so surprising. Firstly, it is really hard to explain how anybody can reproach the cardinal, who is a Croat, for deliberately fabricating lies about the Croatian people (this is exactly what Boban claims in the part of the letter suggesting that in his appeal to Croats Kuharic deliberately fails to mention the difficult situations in Zenica, Konjic, Prozor, Jablanica, in order to curry favor with the president of Bosnia-Herzegovina). Secondly, it is absolutely impossible to comment on Boban's statement saying that Bosnian Croats are disappointed in Cardinal Kuharic, since his support of Croats in their fight against

"the total extermination of the Croatian people" failed to come about. Thirdly, what can be said about Boban's implication that Kuharic actually put a spoke in the Croats' wheel in Bosnia-Herzegovina? Finally, in the larger part of his long letter, Boban found it necessary to give Kuharic a lesson in what is really happening in Bosnia, how the Croats are supposed to behave, and how the Catholic clergy is supposed to behave, using very vulgar and harsh language.

What this letter actually signifies is a conflict between the political leader of the reportedly most religious part of the Croatian people, that is Herzegovina Croats, and the supreme Croatian religious institution, that is Cardinal Kuharic. According to reverend Cvitanovic, such a style of address toward the clergy was practiced only by dictatorships in Chile, Hitler's Germany, and by leaders of the French and the Mexican revolution. "Before Kuharic, only Cardinal Alojz Stepinac has experienced such disrespect, when he was urged to involve the church in politics," Cvitanovic says.

The attack by the leader of the Croatian Community of Herceg-Bosna on Cardinal Kuharic is probably Boban's political suicide. He may further remain one of the heads of the Bosnian Croats, that is to say, he may keep a great political influence, but it is quite certain that he will not survive the conflict he himself initiated with the supreme head of the Croatian Catholic Church. Since Kuharic had been the only anticommunist and pro-Croatian voice in public and political life until the multiparty system was introduced, such a severe attack upon Kuharic's huge moral authority is a suicidal political act.

The questions emerging from Boban's reckless incident are why the letter was written at all, what its goal was, and who else, apart from signatories, stands behind it, rather than who is right in that conflict (because, from the political point of view, it is clear all by itself). To put it more simply: Who actually wrote Boban's letter?

It is more than obvious that the letter is evidence of a deep political conflict between political structures and the church, and of a conflict within the church, as well. Besides, some additional data about the letter make it even more complicated.

The text of Boban's letter was composed by two Franciscans, members of the province of Mary's Assumption, that is to say, a Franciscan province in Herzegovina that numbers around 200 friars, many of whom are engaged in various missions in Europe and the United States at the moment. The Herzegovinian friars are potentially a very influential political group and have been in conflict with the diocese of Mostar for almost 20 years. The conflict is over the authority in certain parishes in Herzegovina, particularly in Medjugorje, since there are six parishes that the friars have never submitted to the jurisdiction of the Mostar diocese, although they were ordered by Vatican itself to do so. On the other hand it is Pavao Zanic, bishop of Mostar, who most solidly denies the apparition of Our Lady in

Medjugorje, which made a considerable contribution to the prestige and influence of the Herzegovinian friars.

Nevertheless, the text of Boban's letter, composed by two friars, was fully approved by the Mostar diocese! It is probably the first large joint project of the Franciscan rebels and the church authorities in Mostar in many years. That fact speaks a lot about divisions within the church in Herzegovina. While the official attitude of the clergy in the province of Mary's Assumption is that friars should not meddle with policy (as a result of that attitude, about a year and a half ago friars had great difficulty persuading Herzegovinians into voting for the independence of Bosnia-Herzegovina in a referendum), on the other hand some friars, together with the opposing diocese, composed a letter, which Boban signed, in which his political stance, which has never been officially supported by the Bosnian Franciscan province, is vehemently defended! [passage omitted]

So, if Boban's letter were to be assessed in the context of internal conflict within the church (with one faction supporting independent Bosnia-Herzegovina, and the full sovereignty of Croats in all parts of Croatia, and with the other faction of Franciscans and the order of St. Peter unconditionally supporting Boban), as well as in the context of relations between the political and church authorities (in view of the request that Vinko Puljic, bishop of Sarajevo, leave the city, and the initiative made by politicians that a diocese should be founded in Travnik) it is clear that the letter reflects the deepest split that has come about in the Croatian political being so far in terms of the policy that Croatia should pursue in Bosnia-Herzegovina.

No matter how important and justifiable the attitude of the church may be, saying that it does not want to be politically defined, that it does not want to be a political judge, one has to underline that in his appeal Kuharic has proved himself the first Croatian public person to respond to his historical responsibility. No matter how unpopular this may sound, Kuharic was the first in Croatia to say directly that Croats are not innocent in the Muslim-Croatian conflict.

By such an attitude, whether he wanted to or not, Kuharic supported one of two main political options, one that is also supported by all major opposition parties, and the so-called liberal fraction of the Croatian Democratic Community [HDZ]. Through the cardinal's appeal the church rejected the concept of Herceg-Bosna's being a state in a state, and interceded for the acceptance of the legal authorities of Bosnia-Herzegovina. That is what Boban, a section of the Herzegovinian clergy, and some politicians in Zagreb were not able to stomach. So in the dispute between Boban and Kuharic the Croatian political scene experienced the clearest polarization between those who support the ambiguous Croatian policy toward Sarajevo, and those who maintain that Croatian parts of Bosnia-Herzegovina must accept Sarajevo as their capital at any price.

Cardinal Kuharic openly agreed with the latter, and in so doing, among other things, also prompted the identification

of the supporters of the former option. Gojko Susak, Croatian defense minister, expressed support to Boban in his interview with VECERNJI LIST, recommending that Kuharic visit Herzegovina to get better information. On the other hand, Ivic Pasalic, chairman of the Executive Board of the HDZ, said that Boban actually did not attack Kuharic, but only expressed his gratitude! This statement surpasses all bounds of cynicism, bordering upon stupidity, yet it defines Pasalic's attitude toward the problem of Bosnia-Herzegovina.

Boban's letter also points at some of the possible conclusions to the crisis in Bosnia-Herzegovina. The very tone of his letter, the very fact that Boban dares to address Kuharic in such a rude and insolent way sheds light on the determination of Boban, his followers, and sponsors to go to the limits in accomplishing their political concepts. Even the authority of the Zagreb archbishop is not a great obstacle for them. Particularly meaningful are the parts of the letter in which Boban attacks Kuharic for mentioning the sanctions against Croatia. "I do not like your reproaching me for the sanctions against Croatia. Are we not already living under sanctions? We were not afraid of sanctions even when you begged us to retreat before the tanks, and we did as you wanted us to, nor were we afraid of sanctions when we were supposed to set out for Kupres, or Dubrovnik," Boban says in the letter. Which is to say, he openly, and with the approval of his sponsors from Zagreb claims that one should not be afraid of any sanctions against Croatia! We really do not need to hear any more than this....

The conflict between Boban and Kuharic is undoubtedly a conflict between two main political streams in Croatia. Boban's stream is implementing its political option regardless of the price, without being afraid of the consequences to which Croatia may be exposed, and constantly turning a deaf ear to any other opinion (Boban rejects the very thought of living together with Muslims, calling them in his letter butchers and fundamentalists). According to the Reverend Cvitanovic, Boban observes the interests of the Croats less than he observes the interests of Herzegovinians and Herzegovina. That is a concrete state reason for the existence of Herceg-Bosnia.

The moment that this concrete state reason clashed with the attitude of the Croatian cardinal, he was attacked, just as Stepinac was attacked in the NDH when he publicly spoke up about the crimes of Ustashas [members of fascist movement in NDH], which shows that Boban is ready to risk even a final break with the church, to expose Croatia to sanctions, to fight against Muslims, while on the other hand not being ready to recognize any responsibility on the part of Bosnian Croats.

Such behavior from Boban and his sponsors, apart from causing a breach within the church itself, also raises a question: Since Boban, being a Herzegovinian, dares to attack the archbishop of Zagreb, then who might be next, if a disagreement between Zagreb officials and Boban's sponsors and followers were to ensue? "President Tudjman," maintains friar Petar Andjelic from Bosnia Srebrena, another large Franciscan province in Bosnia-Herzegovina, defining Boban's letter as scandalous.

**\* Direct Foreign Investments in CR Viewed**

93CH0556D Prague HOSPODARSKE NOVINY in  
Czech 13 May 93 p 11

[Article by Eng. Hana Piskova, of the Czech National Bank: "Direct Foreign Investments in the Czech Republic"]

[Text] *The total volume of direct foreign investments realized in the Czech Republic in the first quarter of this year amounted to 8.8 billion korunas [Kc]—that is, \$302 million, according to Czech National Bank records. In comparison with the same period of last year, that is approximately a 31-percent increase.*

The main source of the influx were additional payments by the U.S. Philip Morris Corporation for Tabak K. Hora, amounting to a total of Kc5.7 billion. According to already published information, the total investment made by Philip Morris is to be \$420 million. The predominant portion of those resources has already been deposited. In the period under consideration, a number of new joint ventures has begun operating (for example, the big French firm in the area of packaging equipment, Pechiney, merged with the Strojbal Enterprise at Hradec Kralove; the Norwegian concern of Rieber & Son began reorganizing production at Vitane Bysice). Other enterprises were completely purchased by foreign companies and transformed into their subsidiaries (for example, the Ferrodo Company of Great Britain purchased the Osinek Chemical Enterprise at Kostelec; Unilever of the Netherlands incorporated the Lower Vltava Fats Plants into its enterprise structure; the Swedish-Swiss concern of ABB purchased the electro-technical plants at Brno, and so forth). The form of direct purchase of a Czech enterprise is very much sought after because foreign owners are transferring their tested management systems to those enterprises, appointing their representatives to head the management teams, and sometimes selecting and training Czech specialists.

Joint ventures in the construction industry are maintaining a good level because of regular additional foreign capital investments, particularly in cement plants. As a consequence of structural changes made by foreign investors (or owners), the number of enterprises focused on commercial activities and services is increasing.

The development of activity in individual sectors and branches is significantly differentiated. That is also reflected in the branch structure. The greatest share in the influx, with the exception of the tobacco industry, occurred in the construction industry in the first quarter of 1993 (10.8 percent), the banking industry (5.8 percent), the foodstuffs industry (5.5 percent), and commerce (5.1 percent). From the territorial standpoint, the influx of capital from the United States is largely predominant (70.3 percent), followed by France (7.1 percent) and United Germany (5.7 percent). Among the other investors, it is necessary to mention Italy, Switzerland, and Sweden.

From 1990 until 31 March 1993, the total volume of capital invested in the form of direct foreign investments in the Czech Republic amounted to Kc53.7 billion—that is, \$1,863 million.

Most of the investments went to the following:

- The tobacco industry, the glass-making sector, and the production of nonalcoholic beverages (\$504 million).
- The automobile industry and the manufacture of transport devices (\$423 million).
- The foodstuffs industry (\$190 million).
- The banking industry (\$178 million).
- The chemical industry (\$111 million).

In terms of the territorial structure, investments from the FRG predominate (\$600.5 million and a share of 32.2 percent). Second place is occupied by the United States (\$550.2 million and a share of 29.5 percent), and third place is held by France (\$256.6 million and a share of 13.8 percent). Investments from Austria amounted to \$81.4 million by 31 March 1993 and thus account only for a 4.4-percent share in the total influx of capital. For the present, Austria is not participating in any major activities.

**\* Machinery, Equipment, Foreign Trade Changes Examined**

93CH0653B Prague HOSPODARSKE NOVINY in  
Czech 11 May 93 pp 16-17

[Article by Karel Kanok, of the Center for Foreign Economic Relations, Prague: "Changes in Czechoslovak Foreign Trade Involving Machinery and Equipment"]

[Text] *Because of its function, the industrial complex of the engineering and electrotechnical industry remains one of the key sectors of the economy, even during its transformation and restructuring. All of the problems and influences brought about by development thus far (the production base as well as investment activity), problems resulting from the disintegration of the markets of what used to be CEMA and from the economic crisis in the countries of Central and East Europe, and the results of downsizing of economic growth and trade in countries having market economies, are reflected in foreign trade involving machinery and equipment. The current developments in that foreign trade are also significantly influenced by the progress of privatization.*

**The Dynamics of Exports, Imports, and Sales**

A realistic evaluation of the results of foreign trade transactions involving engineering and electrotechnical production required that the volume of that trade for 1990, 1991, and 1992 be recomputed to a comparable base—to dollars (see Table 1).



**Table 1**  
**Foreign Trade in Machinery and Equipment for 1990 Through 1992**

Indicator	In Millions of Dollars			Indexes	
	1990	1991	1992 <sup>1</sup>	1991/1990	1992/1991
<b>Exports</b>					
Total	8,134.0	4,277.0	2,627	52.6	61.0
Including:					
Involving NTE countries	6,891.0	2,870.0	875	41.6	30.4
Involving TE countries	1,243.0	1,407.0	1,752	113.2	124.5
Involving VTE countries	712.5	1,014.2	1,314	142.3	129.5
Involving developing countries	530.5	393.2	438	74.2	111.3
<b>Imports</b>					
Total	7,251.0	3,650.0	4,536	50.3	124.2
Including:					
Involving NTE countries	4,612.0	823.0	330	17.8	40.0
Involving TE countries	2,639.0	2,827.0	4,206	107.1	148.7
Involving VTE countries	2,584	2,755.5	4,026	106.6	146.1
Involving developing countries	55.0	71.4	180	129.8	252.1
<b>Sales</b>					
Total	15,385.0	7,927.0	7,163	51.5	90.3
Including:					
Involving NTE countries	11,503.0	3,693.0	1,205	32.1	32.6
Involving TE countries	3,882.0	4,234.0	5,958	109.1	140.7
Involving VTE countries	3,296.5	3,769.7	5,340	114.4	141.6
Involving developing countries	585.5	464.7	618	79.4	132.9

**Legend:**

NTE = nonmarket economy—that is, countries with economies in transition (Albania, Bulgaria, the CSFR, Hungary, Poland, Romania, the former Yugoslavia, the former USSR) and countries with a system of state trade (People's Republic of China, Cambodia, Democratic People's Republic of Korea, Cuba, Laos, Mongolia, North Vietnam).

TE = market economy.

VTE = developed market economy.

<sup>1</sup>Preliminary data.

The comparison of values for 1991 and 1990 was made under the strong influence of rate-of-exchange and monetary changes, whereas those influences were not yet as specific in the comparison between 1990 and 1989.

The overview indicates that Czechoslovak exports, imports, and sales of machinery and equipment in 1991, compared to 1990, were lower by virtually one-half. In 1991, the conversion program for armaments production resulted in a radical decline in the export of weapons and military equipment; similarly, Czechoslovak imports of weapons and military equipment were reduced.

The most specific movement involved regions of countries not having market economies, where Czechoslovak exports of machinery and equipment dropped by almost two-thirds and where imports, which declined by more than four-fifths, virtually came to a standstill. That attests to the high degree of disruption affecting the ties

between Czechoslovak trade in machinery and equipment and the markets of the former socialist countries. In contrast, the revitalization of relationships with countries having market economies between 1990 and 1991 resulted in increased Czechoslovak exports of machinery and equipment to countries with developed market economies by more than two-fifths, accompanied by a moderate increase in Czechoslovak imports of machinery from that region. The reasons for that development are well known. They are the result of the functioning of an economic crisis in the former socialist countries and an uninteresting offering of machinery and equipment in their markets. The relationship toward countries having market economies is affecting the Czechoslovak export of machinery and equipment primarily through the effort to compensate for the losses of export opportunities to the east and has yielded small results for the time being in comparison with the extent of those losses (\$302 million : \$4,621 million). Imports of machinery and equipment from countries with market economies are affected by a combination of high-quality

and readily available machinery and equipment and the limited possibilities at the disposal of the Czechoslovak economy.

Between 1991 and 1992, the decline in the export of machinery and equipment continued, whereas the development of their importation underwent a palpable increase in sales.

The overall deep decline in the export and import of machinery and equipment in 1991 and 1992, which exceeded the decline in foreign trade conducted by the CSFR, was reflected in various ways in individual regions or groups of states.

The above problems tend to polarize the problematical dynamics of foreign trade involving machinery and equipment. On the one hand, there is the radical decline of exports, but imports as well from European countries whose economies are in transition (including countries with a state system of foreign trade). On the other hand, there is a rise in exports and primarily in imports involving countries with developed economies. The problem involving trade in machinery, however, lies in the fact that shortfalls between regions were not successfully compensated by increases; redistribution transfers are out of the question, and the loss of a market remains an absolute loss.

The positive balance of a relatively considerable value on the order of 20 billion korunas [Kcs] (in current prices) in 1989 of Czechoslovak trade in machinery and equipment became a negative value of several billion korunas in 1990, thanks to the decline in exports and the increase in imports. Although 1991 again shows a negative balance of several billion korunas, that balance is somewhat lower, thanks primarily to the high positive balance involved in trade with countries that do not have market economies. While all of the period 1989-92 shows a high balance in terms of trade of machinery and equipment involving those countries, which is mainly the result of the deep decline in the import of machinery and equipment from the former socialist countries in the last reporting year of 1991, the permanent negative balance of that kind of trade involving countries having market economies is gradually growing.

Czechoslovak trade in machinery and equipment exerts a negative influence on the balance of overall Czechoslovak trade, and that influence is becoming stronger, thanks to the movement that exists in its territorial and commodity structure, particularly as it affects Czechoslovak exports. That is in part indicated by the data contained in Table 2.

Table 2  
Balance of Czechoslovak Trade Involving Machinery and Equipment  
(in Millions of Kcs in Current Prices)

Region	1989	1990	1991	1992
Total	27,239.0	- 4,534.0	- 3,850.0	- 54,587
NTE countries	28,350.0	20,513.0	38,000.5	15,585
TE countries	- 1,111.0	- 25,047.0	- 41,850.5	- 70,172

In 1992, the negative balance of Czechoslovak trade in machinery and equipment amounted to virtually 1.7 times the Czechoslovak negative balance of 1991.

That fact is a result of a considerable increase in the importation of machinery and equipment in 1992 from countries having market economies and a lower increase in exports to those countries, as well as the continuing decline in exports to countries with nonmarket economies—a factor that was also reflected in the deep decline experienced by the Czechoslovak positive balance involving trade in machinery and equipment with these countries.

#### Changes in the Exchange of Machinery and Equipment

Influenced by the deep decline of Czechoslovak exports and imports of machinery and equipment in the period 1989 through 1992, there was a marked weakening of the position occupied by those commodities, primarily in Czechoslovak exports. The deepest decline occurred in imports from countries with nonmarket economies, accompanied by an express decline in the share of those

items in overall Czechoslovak exports to those regions. Similarly, the position occupied by machinery and equipment in Czechoslovak exports to developing countries weakened.

In contrast, Czechoslovak foreign trade involving market economies and particularly highly developed market economies saw the importance of engineering and electrotechnical production rise, particularly in terms of imports. Of course, it is not possible to overlook the fact that the share of machinery and equipment in total Czechoslovak imports in 1992 was almost three times the share those items occupied in overall Czechoslovak exports (see Table 3).

The position occupied by machinery and equipment in foreign trade with individual groups of countries or regions underwent palpable changes during the period under consideration.

Whereas there was a deep decline in the share of machinery and equipment in Czechoslovak foreign trade involving countries with transient economies, those shares remained approximately stabilized in trade with countries having market economies. The moderate

**Table 3**  
**Shares in the Overall Volume of Czechoslovak Foreign Trade Accounted for**  
**by the Export and Import of Machinery and Equipment (in Percent in Current Prices)**

Region	Exports				Imports			
	1989	1990	1991	1992	1989	1990	1991	1992
Total	44.4	39.1	28.0	22.8	37.0	37.2	30.10	36.6
NTE countries	59.5	58.8	39.5	29.5	37.7	34.1	10.60	8.3
TE countries	20.9	20.3	20.5	20.5	35.8	40.7	43.50	41.5
VTE countries	11.8	14.0	17.2	17.9	42.2	45.7	49.09	51.9
Developing countries	56.5	51.5	40.5	35.9	5.5	6.6	8.2	26.4

countries with market economies was accounted for primarily by the palpable decline of those components in Czechoslovak exports to developing countries. The same component in the exports to countries with developed market economies rose slightly, primarily thanks to the liberalization of Czechoslovak foreign trade and as a result of the devaluation of the Czechoslovak koruna. The decline in the export of machinery and equipment to developing countries was caused by, among other things, the reduction of Czechoslovak armaments exports and the limited granting of Czechoslovak long-term credits for exports, particularly those of turnkey industrial plants. An increase in imports from developing countries resulted primarily from the sizable growth of machinery and equipment imports from Taiwan and South Korea. - decline in the share of Czechoslovak machinery and equipment exports in overall foreign trade involving

The basic reason for the loss of standing affecting machinery and equipment in Czechoslovak foreign trade is the disintegration of the market of the former CEMA countries and the economic crisis affecting countries in Central and East Europe, particularly in the countries of the former USSR. A reason that is no less important involves the altered conditions for the development of the engineering industry, which must come to terms with the consequences of hypertrophic development that affected that branch of the economy in the past, as well as with the relatively limited requirements of current developments. That involves overcoming the woeful state of the economies in the region of Central and East

Europe, which, in their transition to market relationships, reveals the consequences of long-term irrational development of that branch. It is already clear today that the attainment of past proportions and dimensions of trade involving machinery and equipment cannot be repeated. The engineering and electrotechnical industries are and will be exposed to a demanding competitive environment, where the quotas of the state monopoly give way to the competition among economic entities.

#### **Territorial Structure and Its Changes**

The trend in the development of Czechoslovak foreign trade involving machinery and equipment in 1989 through 1992 in areas of its dynamics, balance, the standing in overall foreign trade are confirmed even by the development of the territorial structure of trade. The fundamental finding in the years 1989 through 1992 involves the permanent shift of the focal point of Czechoslovak foreign trade involving products of the engineering and electrotechnical industry from the region of countries with nonmarket economies to the region of countries with highly developed market economies and developing economies, both in terms of exports and of imports and sales.

That movement takes on particular sharpness between the years 1990 and 1992, a development that was contributed to in no small measure by the liberalization of Czechoslovak foreign trade and by realistically shaping the value content of the goods market between the CSFR and individual territorial regions, as is documented in Table 4.

**Table 4**  
**Territorial Structure of Czechoslovak Foreign Trade Involving Machinery and**  
**Equipment in 1989 Through 1992 in Percent**  
**(on the Basis of Current Prices)**

Indicator	Region				Total
	NTE Countries	TE Countries	VTE Countries	Developing Countries	
Exports					
1989	81.5	18.5	8.3	10.2	100
1990	73.6	26.4	15.1	11.3	100
1991	55.6	44.4	32.0	12.4	100
1992	33.3	66.7	50.0	16.7	100
Imports					
1989	63.5	36.5	35.5	1.0	100
1990	46.7	53.3	52.2	1.1	100



**Table 4**  
**Territorial Structure of Czechoslovak Foreign Trade Involving Machinery and Equipment in 1989 Through 1992 in Percent**  
**(on the Basis of Current Prices) (Continued)**

Indicator	Region				Total
	NTE Countries	TE Countries	VTE Countries	Developing Countries	
1991	14.4	85.6	83.5	2.1	100
1992	7.3	92.7	88.8	3.9	100
<b>Sales</b>					
1989	73.4	26.6	20.6	6.0	100
1990	59.7	40.3	34.1	6.2	100
1991	34.6	65.4	52.4	7.2	100

More detailed and specific documentation of the position of individual countries in Czechoslovak foreign trade involving machinery and equipment and the development of that trade throughout the period under consideration is

provided by the set of data on the territorial structure of Czechoslovak exports of machinery and equipment (in current prices), arranged by the most important participants in that trade during 1990 (see Table 5)

**Table 5**  
**Share Accounted for by Selected Countries in the Export of Machinery and Equipment**  
**(in Percent)**

Country	1990	1991	1992
USSR (former)	39.04	30.88	18.61
Poland	10.82	9.56	5.97
GDR (former)	6.80	—	—
Hungary	4.82	2.61	2.13
United Germany	4.31	16.38 <sup>1</sup>	24.78 <sup>1</sup>
Bulgaria	2.83	0.78	0.91
Romania	1.97	0.47	0.55
Turkey	1.94	0.73	1.97
Yugoslavia (former)	1.80	6.23	2.48
India	1.46	0.92	1.81
Great Britain	1.33	1.43	1.75
France	1.32	1.89	1.98
Italy	1.14	1.92	3.47
Austria	1.06	2.30	4.67
The Netherlands	0.83	1.30	1.97
Egypt	0.83	1.21	1.37
Switzerland	0.57	0.42	0.53
Iran	0.57	1.44	1.86
Spain	0.42	0.80	1.51
United States	0.35	1.01	1.82
Denmark	0.35	0.71	0.83
Libya	0.33	0.29	1.20
Sweden	0.32	0.41	0.43
Pakistan	0.20	0.28	0.78
Total for selected countries	85.41	83.89	83.32
Total for other countries	14.59	16.11	16.68
Grand Total	100.00	100.00	100.00

<sup>1</sup>United Germany—trade with United Germany

The extensive decline in the share of Czechoslovak exports of machinery and equipment attributed to the countries of Central and East Europe was the greatest and most specific with respect to the countries of the former Soviet Union, although the decline is no smaller even for Romania and Bulgaria. In terms of their dimensions, the decline in the share accounted for by Poland and Hungary is also serious. Increases in their share in Czechoslovak exports of machinery and equipment were recorded by countries of the former Yugoslavia—obviously very much determined by the war events and by the economic disruption there.

At the same time, however, the share accounted for by countries with market economies in Czechoslovak exports of machinery and equipment increased. Among the most important positive results is the increased share accounted for by United Germany, Austria, Italy, and the United States in terms of the total export of machinery and equipment. Spain, the Netherlands, Great Britain, France, and other countries also increased their share of Czechoslovak exports.

Insofar as imports of machinery and equipment (in current prices) are concerned, there is a certain relaxation of existing trends, as is shown in Table 6.

**Table 6**  
**Share Accounted for by Selected Countries in the Import of Machinery and Equipment**  
**(in Percent)**

Country	1990	1991	1992
United Germany	19.59	37.35 <sup>†</sup>	34.78 <sup>†</sup>
Austria	14.59	15.42	11.72
GDR (former)	13.02	—	—
USSR (former)	12.73	4.92	2.88
Poland	9.02	3.07	1.74
Switzerland	4.74	4.13	2.88
Hungary	4.73	2.04	0.79
Italy	3.35	5.56	7.53
Yugoslavia (former)	2.64	2.37	1.19
Bulgaria	2.41	0.81	0.25
France	1.77	4.41	7.14
Great Britain	1.70	2.55	2.69
Sweden	1.37	1.76	1.79
Romania	1.32	0.68	0.11
The Netherlands	0.99	2.43	2.57
Denmark	0.80	1.04	1.26
South Korea	0.54	0.49	0.62
United States	0.53	2.74	8.83
Japan	0.49	2.52	3.30
Finland	0.42	0.94	0.68
Canada	0.06	0.27	0.57
Singapore	0.02	0.42	0.52
Taiwan	0.01	0.72	1.74
Hong Kong	—	0.27	0.57
Total for selected countries	96.84	96.91	96.15
Total for other countries	3.16	3.09	3.85
Grand Total	100.00	100.00	100.00

<sup>†</sup>United Germany—trade with United Germany

Following the decline in the share of Czechoslovak machinery and equipment imports in overall imports for the CSFR in 1991, 1992 saw a rise in that share to virtually its starting level (1989). However, the overall impact of changes in the territorial structure of imports of machinery and equipment is not as specific as was the case involving exports. That was caused by the fact that, even before the CSFR initiated the transformation of its

economy, the import of machinery and equipment was oriented to a far greater extent than were exports to the production and sales potential of countries with developed market economies, primarily the countries of West Europe. The loss of Czechoslovak imports is applicable to all former socialist countries of Central and East Europe. The greatest decline in terms of Czechoslovak imports of machinery and equipment affected the

former USSR, Poland, and Hungary, and the drop in the share accounted for by Romania and Bulgaria in terms of machinery and equipment imports was relatively the greatest.

In 1992, the FRG and Austria, followed by the United States, Italy, and France, were the most important suppliers of machinery and equipment to the CSFR. While the share accounted for by United Germany and Austria in Czechoslovak imports of machinery and equipment for the year 1992 declined, the share accounted for by the United States, Italy, and France experienced a palpable increase.

Other leading importers were Japan, Switzerland, Great Britain, and the Netherlands, followed by Sweden, Taiwan, Denmark, and other countries. It was particularly the territorial structure of Czechoslovak imports of machinery and equipment until 1992 that was palpably different in that an important role was played by countries that played only weak roles or no roles at all before 1989.

#### Changes in the Structure of Goods

The focal point of the Czechoslovak export structure in terms of machinery and equipment in 1989 was the export of products of the mechanical engineering industry, represented by technological devices, including final assembly equipment for various branches of industry, the construction industry, agriculture, and transportation (groups 72, 74, and 78 on the SITC [Standard International Trade Classification], revised edition 3, as the most specific, but also other groups such

as 73 and 79). Electronic and electrotechnical production (groups 76, 77) were expressly less represented. That goods composition in the overall Czechoslovak engineering export picture was shaped by the commodity composition of Czechoslovak exports of machinery and equipment to countries with nonmarket economies that still accounted for more than four-fifths of the volume as late as 1989. In exports to market economies, those characteristics of the goods structure were still more obvious.

The focal point of Czechoslovak imports of machinery and equipment in 1989 was the import of technological sets of machinery and equipment for industry, the construction industry, and agriculture, and their final assembly (groups 72, 74), with the share accounted for by the import of technological devices for industry, the construction industry, and agriculture (group 72) in the total imports of machinery and equipment from market economies amounting to more than three times that imported from countries with nonmarket economies. The import of electronics (groups 75, 76) is higher more specifically in the Czechoslovak import structure than the share occupied by that commodity in the Czechoslovak export structure; on the other hand, the share accounted for by transport media (group 78, 79) is lower.

The decline in Czechoslovak trade involving machinery and equipment in the years 1989-92, together with other influences, led to sizable changes in the goods structure of that trade. An overall view of the commodity structure of Czechoslovak exports and imports of machinery and equipment and changes in the structure between 1989 and 1992 is shown in Table 7.

**Table 7**  
**Goods Structure of Czechoslovak Exports and Imports of Machinery and Equipment for 1992**  
**and Changes in It Between 1989 and 1992 in Percent**  
**(in Current Prices)**

Item	Exports	Imports	Changes 1989-92	
			Total Exports	Total Imports
Total	100.0	100.0		
Including:				
Machinery and equipment for production of energy	8.5	4.5	- 0.6	- 2.7
Machinery and equipment for industry, the construction industry, and agriculture	16.6	19.3	- 9.2	- 7.2
Metalworking machinery and equipment	7.6	4.6	- 0.6	- 3.2
Machinery and equipment for general use	13.4	18.3	- 9.7	- 6.7
Office machines and computer equipment	0.6	13.8	- 1.5	+ 5.8
Telecommunications devices	1.7	7.6	- 1.4	+ 2.0

**Table 7**  
**Goods Structure of Czechoslovak Exports and Imports of Machinery and Equipment for 1992**  
**and Changes in It Between 1989 and 1992 in Percent**  
**(in Current Prices) (Continued)**

Item	Exports	Imports	Changes 1989-92	
			Total Exports	Total Imports
Total	100.0	100.0		
Including:				
Electrical devices, attachments, and appliances	9.6	12.1	+ 2.6	+ 3.5
Highway vehicles	35.2	11.0	18.8	+ 2.1
Other transport media	6.8	8.8	+ 0.4	+ 6.4

The development with respect to changes in Czechoslovak trade involving machinery and equipment and in the goods structure of Czechoslovak exports and imports led to a shift in the focal point of the structure of Czechoslovak exports of machinery and equipment during the period 1989-92 from the dominant export of sets of machinery and equipment for technological processes in industry, the construction industry, and agriculture and machinery and equipment for their final assembly to the export of highway and other transport media, and the export of sets of machinery and equipment for technological processes in industry, the construction industry, and agriculture remained in second place. A decline toward negligible values was recorded by the Czechoslovak export of office and computer equipment. Czechoslovak exports of attachments, equipment and appliances, and metalworking machinery and equipment, on the other hand, saw an improvement.

Also, the goods structure of Czechoslovak imports of machinery and equipment weakened during the period 1989 through 1992, as did the continually dominant position occupied in the import picture by sets of machinery and equipment for technological processes in industry, the construction industry, and agriculture, and of machinery and equipment for their final assembly.

Changes in the structure of the Czechoslovak export of machinery and equipment between the years 1989 and

1990 were not as specific as those that showed up in the comparison of structures that existed in 1990 and 1992, a factor that applies to a lesser extent to imports as well. In the first two-year period, there was thus a certain inertia in the mechanism and composition of export and import relationships involving countries of the former CEMA grouping. A second two-year period is already far more under the influence of the Czechoslovak economic reform, of the deepening economic crisis in the countries of Central and East Europe, of the disintegration of the former CEMA countries, of changes in Czechoslovak trade policy, and in Czechoslovak political-economic relationships.

Changes in the structure of Czechoslovak exports between 1990 and 1992 indicate that that movement was, to a considerable extent, compelled more by changes in the external environment and by systems conditions than by adaptive and deliberate reactions on the part of Czechoslovak enterprises engaged in production and trade. The changes most specifically show a decline in export and import deliveries for capital improvements and production consumption and a rise in production intended for final use more for personal consumption. Some signals in the movement of the structure indicate that the share of exports of engineering and electrotechnical products that are less demanding in terms of science and research and show the results of highly qualified work is increasing.

**\* Details of Antall's Speech at NATO Workshop**

**\* NEPSZABADSAG Report**

93CH0694A Budapest NEPSZABADSAG in Hungarian  
4 Jun 93 pp 1, 3

[Article by Tibor Eszes and Marta Palics: "A Policy of Prevention Instead of a Policy of Reaction"]

[Text] "The foreign policy of registering events as they occur (pursued thus far) is doomed to failure, or, to say the least, causes long-term suffering for peoples. We must incorporate a preventive approach into our foreign and security policy in its place," head of government Jozsef Antall said in his opening remarks at the three-day NATO workshop conference.

This is the first time that NATO strategists hold such a meeting outside of the member countries of the Atlantic Alliance. General J. B. Davis, chairing the conference, said that the prime minister's speech provided a lesson in history. Antall dedicated two-thirds of his speech to the philosophy underlying Hungarian—and within that, his own, and that of people of similar persuasion—foreign policy, as it evolved in the course of centuries.

Regarding cooperation between the East-Central European Region and NATO, the enforcement of a preventive, anticipatory approach is most important both in foreign and military policy. In a tragic way, the philosophy behind foreign and military policy in our day and age has been one that concentrated on reacting to, and registering events, and what is even more tragic, this philosophy has also characterized the democracies.

This is tragic, because a foreign policy that only reacts, one that only registers the events and tries to draw conclusions only later is doomed to failure, or, to say the least, causes long-term suffering for many peoples. Prime Minister Jozsef Antall declared to more than 100 participants of the NATO Workshop at Thursday's opening session held in the Parliament building.

Hungary intends to abide by every valid international agreement, ranging from the peace treaties, through the Helsinki Charter, to the Paris Charta and other agreements. "But in this context it is by all means necessary to settle our common affairs and resolve the severe economic and social side effects that accompany transformation. Quite naturally, we request help and political-strategic support from the world to accomplish this," the prime minister said, pointing out that all this can be determined and resolved only as a result of balanced policies regarding the region. In the case of the disintegrated Yugoslavia, and after the grave mistakes that were made, we must carefully avoid improvisation, the prime minister said, cautioning that politicians trying to reach a compromise by accepting a difficult situation even if partly surrendering their program, must not be brought into uncomfortable situations as a result of improvisations.

We must pursue consistent policies along with the show of force and economic, military, and other pressures, while taking note of the economic burden this region, and the social burden these peoples are able to tolerate, and how the fragile structure of political balance can be maintained. A settlement can be reached in the foreseeable future if we take these matters into consideration, but the ethnic problems, the conflicts between nationalities, must not be left behind as sources of conflict. And above all, what is most important: The leading powers, including the middle powers of the world—the forces integrated within NATO, or even in the Independent Republics experiencing internal crises—must act in the region based on a common will. Uncoordinated foreign policy is fatal, and the only thing that can be more fatal than that is if the two pillars of NATO, the U.S. and the European pillars, are unable to remain stable, and if they do not provide an appropriate guarantee to the entire region, including Russia, that they do not present a threat.

The Hungarian head of government dedicated two-thirds of his more than one-hour long opening speech to describe the evolution of the philosophy of Hungarian foreign policy over several centuries. He quoted in detail from the published works of Walter Lippman and other noted analysts and politicians since the 1940's, describing the West's "reactive foreign policy that registers events," a policy whose disadvantages had influenced Antall and like-minded people for decades. Antall said. Against this political outlook the Hungarian head of government recommended an attitude that advanced the world, as he put: "Ever since the days of Ignac Semmelweis, the basic approach to health care used by the public in this country has been prevention, a prophylactic approach. A similar outlook must be established regarding foreign and security policy!"

The press was asked to leave the room after the prime minister's opening remarks, and thereafter the closed-door conference of NATO strategists began.

**[Box, p 3]**

General John Shalikashvili, the supreme commander of NATO's European forces, told this newspaper yesterday at Ferihegy Airport that he had great expectations regarding the Budapest conference. "The workshop provides an opportunity for a genuine exchange of views—and I have in mind primarily my scheduled discussions with Defense Minister Lajos Fur," General Shalikashvili added in a soldierly terse manner.

**\* UJ MAGYARORSZAG Report**

93CH0694B Budapest UJ MAGYARORSZAG in Hungarian 4 Jun 93 pp 1, 3

[Unattributed report: "Jozsef Antall's Speech at the Budapest NATO Conference: Our Commitment Is Not of Recent Date; Uncoordinated Policies Are Fatal"]



[Text] Hungarian Prime Minister Jozsef Antall urged responsible politicians and organizations of the world to adopt a consistent, coordinated, and mainly preventive policy. Antall made these remarks at a large-scale NATO conference that opened yesterday in Budapest. The head of government regarded uncoordinated policies as potentially fatal.

Leading NATO generals, diplomats, and politicians gathered yesterday afternoon in the former Upper House chamber of the Parliament building, to open NATO's 10th International Workshop. NATO Supreme Commander General John Shalikashvili, West European Union Executive Secretary Willem van Eekelen, UN Deputy Secretary Marrack Goulding, NATO Deputy Secretary Amadeo de Franchis, and from the Hungarian side, the chief sponsors of the event, Foreign Minister Geza Jeszenszky and Defense Minister Lajos Fur were among the participants at the conference, which, for the first time, was organized in a country other than a NATO member country.

General J. B. Davis, the honorary chairman of the workshop delivered a brief introductory speech, in the course of which he made reference to the Yugoslav crisis and said that although NATO had raised its voice, in reality it had not been truly successful in having an impact on the developments. The general also thanked the Hungarian Government for its courage to permit AWACS flights over Hungarian territory. Jozsef Antall took over the microphone after General Davis' remarks.

In his presentation the Hungarian prime minister regarded the present conference as an event of outstanding importance, and emphatically reminded the conference that the Hungarian Government's commitments toward the Atlantic ideal was not of recent date, it constituted an organic part of Hungarian political thought. Building on this concept, Jozsef Antall provided a historical review of changes in the philosophy of Hungarian foreign policy, with particular attention to periods when Hungary had fully or partially lost its sovereignty. This policy has, in part, faded away and become provincial; it lacked a recognition of the chief moving forces, but despite this fact, some politicians always recognized the broader contexts, and at this point the head of government mentioned the name of Pal Teleki.

In a speech embellished by personal recollections, describing how Hungary's Atlantic commitment had evolved, Jozsef Antall quoted a number of times from Harriman's book *Special Mission to Churchill and Stalin* and Walter Lippman's book *American Foreign Policy*. In speaking of recent events, the prime minister said that the idea of neutrality, the concept of neutralizing had been vividly alive in the consciousness of the peoples of this region in 1988 and 1989, but after a new military-political balance of power had evolved, it became clear that neutrality could only serve as the foundation for an attitude, and not for a political program. It became clear that the problems of this region could not be managed

any longer based on a policy of neutrality between NATO and the Warsaw Pact. Jozsef Antall made reference to all the steps taken by the coalition government in the framework of Hungarian foreign policy to disband the Warsaw Pact, and to strengthen the transatlantic mentality in Hungary. NATO must remain the most important military and political stabilizing factor in the region, the head of government stressed. The prime minister also regarded Hungary's action to authorize AWACS missions over Hungarian territory as a logical consequence of the country's commitment to NATO.

Jozsef Antall greatly emphasized the so-called North-South problem, in the framework of which political fundamentalism based on social welfare difficulties could break loose in the world in the form of 21st Century bolshevism and could be coupled with the horror of uncontrolled nuclear weapons.

Hungary's relationship with neighboring countries is very important, and the Hungarian Government is prepared to go far in observing international agreements to which it is a signatory. As the South-Slav crisis also proves, the great powers should pursue a balanced regional policy: They should not improvise. "One cannot achieve political solutions through improvisations," the head of government said; he also made reference to the fact that one should not place politicians into impossible situations, politicians who were previously prepared to make compromises in the interest of settlement. Jozsef Antall advocated a consistent and preventive policy; in his view the political crisis could be settled within the foreseeable future if all aspects of the situation were taken into account. At the same time, he also warned that conflicts involving nationalities should not be left behind as open, unresolved problems. Each and every power should act on the basis of a common will, because uncoordinated policies could be fatal. It would also be desirable to reassure Russia that it was not threatened by any kind of danger.

Unfortunately, thus far only a reactive foreign policy that registered the events was characteristic of Western conduct, but this kind of policy is doomed to failure, or, to say the least, causes long-term suffering for peoples. The preventive approach to medicine, a mentality that has prevailed in Hungary since long ago, must be made part of foreign and security policy. Jozsef Antall stressed in his speech which was greatly applauded.

Thereafter the conference continued behind closed doors. In the evening, Foreign Minister Geza Jeszenszky delivered a speech, entitled "The Security Problems of an Independent Central Europe" in the chamber located under the dome of Parliament.

#### \* PESTI HIRLAP Report

93CH0694C Budapest PESTI HIRLAP in Hungarian  
4 Jun 93 pp 1, 3

[Unattributed report: "10th NATO Workshop—  
Budapest; On the Responsibility of the Great Powers"]

[Text] The 10th international session of the NATO Workshop (Workshop '93) opened in Budapest yesterday. The high-ranking participants of the four-day event are trying to find an answer to what NATO could do to resolve Central-East European conflicts.

US Air Force Chief General J. B. Davis, the honorary chairman of the workshop, was first to welcome the participants at the opening session in Parliament yesterday afternoon. Thereafter Hungarian Prime Minister Jozsef Antall welcomed the members of the NATO Workshop.

The four-member NATO executive committee included Hungarian Foreign Minister Geza Jeszenszky and Defense Minister Lajos Fur—the chief sponsors of the NATO Workshop—as well as Dr. Roger Weissiger-Baylon, the chairman of the workshop. Among other statements, General J. B. Davis thanked Hungary for providing such a “wonderful” place for the conference. Davis also praised the courage the Hungarian Government manifested regarding the AWACS airplanes.

In his welcoming remarks Prime Minister Jozsef Antall said that from the standpoint of Hungary he regarded this as an event of outstanding significance, because this was the first time that Hungary could host a conference like this. In a lengthy historical review the prime minister made the special point of calling attention to positive changes in Hungary's way of thinking in terms of foreign policy, but also to the threat of becoming provincial. Jozsef Antall spoke of situations that arise in Central-East Europe as a result of constraints and referred to the responsibility of the so-called Great [Powers].

We regard good relations with neighboring countries and the observance of international agreements as fundamentally significant, Jozsef Antall stressed. Regarding the Yugoslav issue, the Hungarian prime minister said that since grave mistakes had been made, improvisations be avoided by pursuing policies as consistently as possible.

Although many people had had doubts about this, we did survive the Warsaw Pact, and now NATO is able to guarantee European security, he said.

Among the guests present at the NATO Workshop in Budapest we find NATO European Supreme Commander General Shalikashvili, West European Union Executive Secretary Van Eekelen, French Foreign Minister Juppe, Albanian President Berisha, Romanian Foreign Minister Melescanu, as well as Estonian Head of Government Laar; the latter granted an exclusive interview to this newspaper.

As part of the workshop, NATO officials will be able to obtain information about the general conditions of Hungarian security policy and the difficulties of transforming the Hungarian army.

Our cooperation with NATO is based on three considerations: to help renew the Hungarian Honved Forces, to include Hungary in the extended network of international relations, and to prepare our country for playing a greater role. The event may be an important milestone for Hungary in the process of aiming to become integrated with NATO.

Indeed, the greatest security and military policy professionals of all times are in Budapest at present. NATO professionals accredited in Budapest continue their work today.

Last night Foreign Minister and Mrs. Jeszenszky, and Defense Minister and Mrs. Fur gave a reception in honor of the guests at the Parliament building. The Hungarian foreign minister delivered a speech entitled “The Security Problems of an Independent Central Europe.”

#### \* MAGYAR HIRLAP Report

93CH0694D Budapest MAGYAR HIRLAP in Hungarian 4 Jun 93 pp 1, 3

[Unattributed report: “Antall: A Preventive Foreign Policy Is Needed; NATO Workshop in Pest”]

[Text] The Hungarian Government's commitment to the Atlantic ideal and to NATO is not of recent date, it is an organic part of our foreign policy. Prime Minister Jozsef Antall stressed yesterday at the opening session of the 10th NATO Workshop held in the Parliament building.

This is the first time for the alliance to hold this function in a country outside the borders of the organization, and General J. B. Davies [as published], the honorary chairman of the workshop and the chief of staff [as published] of NATO's European forces, also attributed great significance to this fact.

In his welcoming remarks the U.S. general said that presently NATO is in the process of developing a new strategy, but they are able to implement this strategy slower than expected due to political and financial realities. Although the North Atlantic Alliance has tremendous forces at its disposal, it uses primarily the political dimension in its strategy. It is not simple to balance military and political factors, he said, and expressed hope that the Budapest conference that lasts until Sunday, involving political and military decision making and dealing with NATO's crisis-management capability, is going to help in this regard. As part of his analysis of Hungarian foreign policy, Antall said that this region had always been struggling with elements of uncertainty and with the threat of collapse, and these had to be balanced by Hungary. Quoting historical examples at length, Antall proved that Atlantic cooperation and the idea of European integration has long been a part of the philosophy of Hungarian foreign policy, and regarded as a tragedy the fact that Hungary was left in the “backyard” of Europe when the Atlantic community was formed.



Our domestic as well as foreign policy went on the wrong path for a while after World War II, a fact also created by the powers which introduced a situation of constraint from the Baltics to the Balkans, but thereafter the idea of "finlandization," of neutrality emerged.

By 1989-90, however, it became clear that neutrality could no longer serve as a political program, Jozsef Antall stressed, and recalled that in June 1990, when he initiated the disbanding of the Warsaw Pact in Moscow, he unequivocally attested to Hungary's commitment to NATO.

The basic premise of our foreign policy is integration with Europe, and the West European Union could be one of the pillars of this; nevertheless, the transatlantic relationship is embodied in NATO, he declared.

The prime minister made clear that Hungary endeavors to have good relations with its neighbors but is unable to comply with unfounded demands; on the other hand, Hungary respects all international agreements. Speaking of the South-Slav crisis, he cautioned against improvisation and stressed that a preventive foreign and military policy was needed.

So far reactive policies which registered events have been characteristic, but it has been proven that such policy is doomed to failure, or, to say the least, causes long-term suffering for peoples, Jozsef Antall said.

#### \* NEPSZAVA Report

93CH0694E Budapest NEPSZAVA in Hungarian  
4 Jun 93 pp 1-2

[Unattributed report: "NATO Conference in Budapest: The Atlantic Ideal Is Part of Our Foreign Policy"]

[Text] Hungarian Prime Minister Jozsef Antall opened this year's NATO military and security policy workshop in the Parliament building of Budapest, in the chamber of the former Upper House. The role to be played by NATO in European crisis management is the topic of the conference.

More than 100 high ranking politicians, soldiers, and diplomats came to the Hungarian capital for the conference. General John Shalikashvili, the Supreme Commander of the unified European forces of NATO is going to address the four-day meeting, and so are European Union Executive Secretary Dr. Willem van Eekelen, Romanian Foreign Minister Melescanu, and Greek Defense Minister Varvitsiotis. The Hungarian foreign and defense ministers are the two chief sponsors of the conference.

The Hungarian head of government delivered his opening speech after a statement by General J. B. Davis, the honorary chairman of the workshop, in which he praised Hungary's foreign policy and its expanding relations with the Atlantic Alliance. Jozsef Antall stressed that "the fact that NATO chose Budapest as the first place outside the member countries of the Alliance to

locate its conference had outstanding significance from the standpoint of Hungary."

In a retrospective historical analysis the Hungarian head of government used a subjective tone of voice when stating that the Atlantic ideal emerged not only recently, but that it had been an organic part of the philosophy of Hungarian foreign policy. He underscored the Hungarian government position, according to which the Atlantic community was the most important political and military stabilizing factor in the region. At the same time, recognizing the significance of NATO does not contradict Hungary's position supportive of European integration. Jozsef Antall made separate reference to the West European Union, which could serve us as a suitable liaison between the EC and NATO. The head of government emphasized that maintaining good relations with neighboring countries was a basic requirement of Hungarian foreign policy. He stressed that Hungary firmly insists on complying with all international agreements it entered into. He cautioned against foreign policy improvisations by certain (unnamed) politicians.

Jozsef Antall urged that the leading powers of the world act on the basis of a common will to settle the crisis that threatens the security of our region. Uncoordinated policies and failure on the part of NATO to provide guarantees to the states in the region could be fatal, in his view. He stressed the significance of replacing reactive foreign policy with a preventive approach.

On the first workday of the closed conference, participants heard Danish Defense Minister Hans Heakkerup's and NATO Executive Secretary Amadeo de Franchis's remarks.

#### \* Communist Past, Present, Future Role Discussed

93CH0668C Budapest KAPU in Hungarian  
Apr 93 pp 4-5

[Article by Peter Siposhegyi: "Communist + Manager - Calculator = Socialist"]

[Text] We all remember the late 1980's, when a few politicians from the party of those days decided that they would be better off if they reached an agreement, than having civil war on their hands. Since then that something called "general agreement" conveys the sense that having reached an agreement is to their significant historical merit. What I am about to say is somewhat obvious, nevertheless advisable to recall:

By 1988 the situation had become revolutionary in a classic, as well as a vulgar, marxist sense. Those in power were no longer able to govern the old way with the favorite slogan of our elementary school history books, and the people no longer wanted to live by the same slogan, worrying about inflation, afraid of the declining standard of living, while being irritated by the charmingly arrogant party yuppies. Two things could have happened in the country, aside from what had actually

happened. A revolution could have erupted, one that would have changed the country without any agreement, i.e., a consistent system change would have taken place. Alternatively, once again, a revolution could have erupted, and the Soviet army would have recorded some success. These two, mutually rather distant end results would have had a single common characteristic. Those very excellent comrades who today are very excellent gentlemen would have had to go. In the first case the people's army would have thrown them far away, in the other case their former principals would have exchanged their intelligent heads for less civilized, but more reliable comrades. Accordingly, their merits are far smaller than claimed, because they chose the least risky, and from their standpoint, least dangerous path. One could eminently moralize about the role one would have to play after which it would be appropriate to step aside. As of now, however, preaching morality in Hungarian public life amounts to a luxury.

Undoubtedly, some loving memories were left behind by the anticommunist government composed of the last communists. Their situation was seemingly very difficult; in reality it was not. Miklos Nemeth and his team drifted with the tide, and tried to make a pleasant face while drifting. All we recall of them is this pleasant face, nothing else. Compared to Biszku, Korom, Lazar and Karcsi Penges (this was Karoly Nemeth's name as an artist at the Western border in those days), it was rather easy to be smart, good, and even beautiful. Another refreshing spot of color in modern Hungarian history was the fact that these people acquired their diplomas by attending universities during the day, and that their knowledge of foreign languages also exceeded those six German and three English words which the average Hungarian used to orientate himself in the world. It is beyond doubt that their selection and conduct meant a big step forward, and that they, among them especially Gyula Horn, were able to uphold occasional individual achievements, which became lasting achievements within their specialized fields. This may sound as a sacrilege, nevertheless I venture to say that insofar as achievements are concerned, this so-called government of experts, shrouded in the fog of nostalgic feelings, was unable to produce as much as the present government, presently dismissed in as cavalier a fashion as the 4/b class of teacher Antall. Their greatest merit, the peaceful transfer of power, was not really their merit. Their economic achievements were dismal, they resolved no fundamental issues (e.g., Nagymaros). At the same time, the new government took over the country in an incredibly bad condition. This historical review was needed because the party born under this government's intellectual sphere of influence, once again offers itself as an alternative. The big question is this: How well does memory serve the people?

The former stars have become worn out behind today's MSZP [Hungarian Socialist Party]. Pozsgay is the biggest loser of the change, he is the champion of Hungarian hindsight, and has since become the head of a hopeless

party initiative. Mr. Banker Miklos Nemeth is on the other end of the continent, while Matyas Szuros has an increasing number of things to explain, because due to certain family ties and friendly relations his presence in the party is of dubious value. This is true not only from the standpoint of politics. Only Horn remains from among the Big Four; he, on the other hand, is more of a specialist than a man who could be held up in the front, his appearance, his slow speech, together with the feelings of respect the masses direct at him, do not make him suited to lead his team to victory in an incredibly violent, coarse campaign. I am aware of the fact that he is not the one who is supposed to do so. The perceived ado is obviously slated to be the reactivation of Miklos Nemeth.

Miklos Nemeth indeed has a pleasant personality; he is an excellent conversationalist, a politician of Clinton's age, complete with international experience and knowledge. He still remains the prime minister to many. Pictures showing Nemeth and Antall shaking hands—Nemeth representing the past, Antall the future—had an equivocal connotation. Miklos Nemeth was indeed not the worst choice among all the possible choices for prime minister. This, of course, does not say anything good about him, because his activity was of an entirely different quality than the delirious craze of a few leaders of our party who wanted to take themselves seriously. Nemeth falls somewhere halfway between the image that evolved around him, and a few newly appointed public school teachers. Only halfway, and in my view this is not going to be enough for the salvation needed in the upcoming epoch. In addition, we must not forget what it took to receive a Western scholarship, and what one had to do to represent the movement in the 1970's. It comes as no surprise that during his reign not only the system began to be swept out, but certain documents, too, were shredded. A moment ago I said that we should not moralize, because the country has not reached the point where we could moralize. But now I am saying that the country has reached the point where it should moralize, and demand something more than the operator of a shredding machine.

Is there a chance for his return? Not much, in my view. Undoubtedly, his nice personality and his party's program for which many express interest is going to boost him to a high altitude, but not high enough to win the elections. At the same time, with his name and his image he can accept only one position: that of the prime minister. And in order for Miklos Nemeth to once again become Hungary's prime minister, aiming for a second or third place is, in reality, not enough. One has to win the election in order to become prime minister. And the one to win is going to have more hard-hitting coalition partners, just as in the last elections. The MSZP has no such coalition partners. One can increasingly recognize that the party is left to its own, and reconciliation between the present regime and possible successors is going to occur sooner than a coalition that assigns a role to the socialists. The SZDSZ [Alliance of Free Democrats] could be a partner in such a coalition, but one need

not worry about the SZDSZ being elevated to that perceived winners' platform. The MSZP regularly scored well in interim elections. The fact that it scored higher than the MDF [Hungarian Democratic Forum] candidate in every district should serve as a great warning. In the April runoff elections, too, only one nationally known, attractive personality was able to muster more votes than their candidate, believed to be the winner at the start. I believe that the success of this candidate represents, in part, a foreshadowing of the MSZP's fiasco. They will turn out to be second and third in an awful lot of districts. With votes totalled, we will find them remaining in the opposition with a faction occupying a substantially larger number of seats in the next parliament. This could also mean that in the first round of the elections socialist candidates receive the second largest number of votes, but the ad hoc coalitions rallying against them would mean their defeat in most individual voting districts. All that remains to be done after describing this nightmare is to clarify whether an MSZP defeat is beneficial.

The present MSZP includes very many values and valuable people. It cannot be disputed that there is a need for a party capable of transcending certain pragmatic facts, willing to elevate to the policy level an ideal image of a welfare society, one that is unrealistic at the moment, but whose rejection further deteriorates the lives of people whose lives are already bad enough. And these lives could become even worse by tomorrow. The role played by the MSZP may be important from the country's standpoint as long as the MSZP effectively represents these interests, but even in the best case, such representation could only take place to an extent and level of strength that the SZDSZ had become a social-liberal opposition in this election cycle. I assume that the socialists are going to perform this vocal opposition role after the next parliamentary elections, presumably in a more unified form than the SZDSZ. They will be able to do so, because there will be less resemblance between the mentality of the present government and themselves. In that case, things will have fallen in their right places, because there will be a center within the power structure which holds individual career ambitions with various compromises, and to the right and left of these we will see a vocal populist and a more quiet, but consistent leftwing opposition.

Just as any healthy opposition, they, themselves, have greater ambitions, of course. In theory, they could even win the elections if everyone capable of voting for them would do so, but the leftwing character they have to offer represents a very delicate balance between two, fundamentally different, opposition attitudes. According to one of these, a communist remains a communist even if he vocally denies being a communist. These same people, however, generally add to this a statement according to which socialists introduce welfare demagoguery regarding certain issues. I do not agree with this statement, nevertheless saying to a poor country that no one can be told to starve to death amounts to a very

attractive argument every time. These people follow the mentality of the opposition and are going to vote for the SZDSZ, or even more so, for FIDESZ [Federation of Young Democrats]. The other extreme must not be underestimated either, because no smaller force than the renewed, purified MSZP stands behind it, a party that has scraped off the mud of its boots. Gyula Thurmer with his leninist sharp insight has figured out that the two branches of the former MSZMP [Hungarian Socialist Workers Party] could either win together, or lose separately. At first hearing, one would think that this outstanding idea belonged to the periodical HOCIPO, but however incredible it may seem, it has some truth to it. A general leftwing offensive, a phenomenon adamantly projected by the right in general, could occupy some rather strong positions. This way, however, workers party candidates would take away votes from the socialists in the end. Anyone could raise this question: "What difference would those five votes make?" Truly, five votes do not amount to many, but there are going to be more than five votes. Constant reference to social injustices would suffice to elicit sufficient votes precisely within a social stratum farthest removed from the well-dressed leftwing intellectuals, and closer to the once celebrated working class. Today's unrepresented Hungarian worker, not appreciated more than the proletarian of the 1930's, could easily rally under the star, even if banned in the meantime. These percentages would turn Thurmer into the leader of a small parliamentary faction, while the same percentages could be sorely missed by Horn's people in the final accounting.

Accordingly, the biggest disadvantage the MSZP has is not the strong right wing, but the fact that it is unable to become the focal point of a rather broadly based interest simply called the left.

For this reason, personal magic and professional knowledge here or there, I predict that they will end up close to, but below the magic 20 percentage points.

As a returning motif of my election game, here is the percentage I bet: 18. One could assume that the undoubtedly high quality leaders of the Socialist Party would be very pleased with that next year, albeit not this year. But what is most important from the standpoint of the competitors: All this is not going to be enough to permit Hungary's thus far next to the last prime minister to become the next prime minister. Everyone could benefit as a result. Socialist as well as nonsocialists.

#### **\* Food-Industry Privatization: Minister Voted Down**

93CH0670A Budapest *BESZELO* in Hungarian  
15 May 93 pp 18-19

[Article by Janos Eorsi: "Food-Industry Privatization: What's Next?"]

[Text] Last Tuesday parliament approved a report by its Agricultural Committee on the privatization of the vegetable oil industry. Just as the House did a year ago, the

committee refused to accept a response given by Tamas Szabo, the minister in charge of privatization, to Smallholders Representative Pal Dragon's interpellation. Thus, in the final analysis, the minister was voted down twice regarding the same issue. What's next?

Nothing on earth, from the standpoint of public law. As we all know, this minister of the republic can be held responsible only by the prime minister, not by parliament. The popularly elected representatives' inability to act is enforced by a parliamentary rule, which, with a sense of noble simplicity, does not provide for consequences if a minister is voted down, even if for the second time. Here is what the House rules have to say: "The National Assembly shall schedule debate over an interpellation based on a committee's report, during its next session, at the latest." Period. If a committee report condemns the minister, and with him the privatization program, the most that happens is that the burden to reject the minister's views is being turned around: It is all right even if parliament does not overrule the committee's findings.

#### **To Add Some Bread to the Milk**

Some noteworthy events are taking place regarding food-industry privatization, however. The Agricultural Committee, and through it, the ruling parties, try to take control of privatizing the still state-owned grain and dairy industries as well as the related commerce, in exchange for the lost cause of the vegetable oil industry. Let the amateur representatives, too, have some bread along with the milk. The reversed vote was the result of a compromise; the Smallholders, whose political future is in doubt, and the Christian Democrats, justly regarded as the conscience of privatization as of recently, and, of course, the largest governing force which holds its fingers on the pulse of the food economy through board chairmanships and memberships, can still save for itself and its followers what can still be saved. Resolving the grain and dairy issues is still at the conceptual stage, nevertheless the AVU [State Property Agency] has already made one or two specific favors: Two weeks ago it halted the privatization of the Buda Mill (which would have been purchased by a U.S. multinational firm), and, as we learned, responding to ruling party pressure, withdrew a dairy plant from a winning bidder, a Hungarian businessman residing abroad.

As reported by this newspaper earlier, Vegetable Oil Corporation (NOMOV) became the property of an Italian and Dutch-British multinational firm in early 1992 (BESZELO 20 March 1993). The Agricultural Committee was aggrieved by the fact that the enterprise had been sold in one unit, whereas it could have been privatized in two segments, i.e., "no attempt had been made to discontinue the monopolistic situation," committee Vice Chairman Laszlo Lakos (MSZP) [Hungarian Socialist Party] reported last week. The committee also raised the issue of the AVU having failed to obtain guarantees to protect domestic prices, for investments to develop technology and exports, and for the preservation

of workplaces; that it had failed to provide appropriate information to the competing bidder (the Mentor Small Cooperative that grows sunflower and wants to pay mostly in the form of compensation vouchers), and had given short notice to the cooperative to submit its bid. Overall, the committee concluded that as long as the government and the Ministry of Agriculture has so far failed to prepare a long-range agricultural development plan and a subordinate agricultural privatization plan, it should do so now, and submit the same to parliament.

#### **The Way Things Fall...**

The AVU acknowledged that the finding regarding the lack of a guiding concept "was essentially correct." We must recognize, however, that the lack of a privatization strategy does not mean that there is no underlying concept when transferring property to private ownership, however odd this may sound. According to the government's stated principles, more or less also reflected in laws, competitive bidding takes place in the course of transferring property to private hands. With some good will, we may interpret the principle of competition literally, and believe that the AVU chooses from among the various offers based on viability. On the other hand, this choice also decides the "strategic" issues, notably: Who should benefit from the privatization of mills, whether to favor the grain producers, the merchants, or the bakers? This depends on who submits the best offer in the framework of the competitive system; on the other hand, the outcome of such competition also determines whether the producers, merchants, or bakers motivate the operation of Hungarian mills in the future. This philosophy of "the way things fall, that's the way they are" was countered by an Agricultural Committee concept developed in February and March, according to which things must definitely cater to the bakers' interests.

Incidentally, statements concerning the way things fall did not originate from coalition circles, but from economist Bela Greskovits at the BESZELO Club (see last week's issue of BESZELO). One of the main messages contained in the 1991 SZDSZ program—"The Liberal Solution," authored by Greskovits—was that privatization had to be accelerated; at that time SZDSZ economists pinned their hopes to competition, which, in their view, was not allowed to evolve by AVU's bureaucratic methods. Two years later, however, the wreckage remaining under state ownership became increasingly depressing. The state must also have a vision of how to establish a market economy. Marton Tardos recently said at the BESZELO Club regarding the way things fall and the way things are.

Members of the coalition are also pressed by concerns: Their primary worry is that the well-intentioned system followed thus far fails to provide equal chances. The government "should attempt to avoid the evolution of monopolies in the course of privatizing the agricultural



economy. It should ensure that producers acquire property," the coalition-dominated majority of the committee said in its above-referenced report concerning the vegetable oil industry. Quite naturally, they keep an eye on the opportunities for domestic producers, and try to make an accurate distinction between the adjectives "domestic" and "Hungarian," because a Hungarian capitalist from abroad is also Hungarian. Quite naturally, the clientele could grow on Hungarian soil, but oddly enough, liberalism is also scoring record achievements on the same soil. The Agricultural Committee would prefer a situation in which the order of the marketplace evolved virtually spontaneously, from a food economy divided into small units of property. They are guarding small property against existing medium-sized enterprises, the "monopolies." Small estate romanticism also guides the incessant agricultural legislation, and the resultant damage cannot even be estimated (BESZELO 24 April 1993). And as elsewhere, here, too, the guiding principle is to do justice and to compensate: so that one should not only be able to buy wax paper for cheese in exchange for compensation vouchers, but also the plant that makes the cheese, a situation that is delayed by AVU, due to the weak securities market and the slow process of compensation.

#### Mills Pledged as Collateral

The government, on the other hand, is guarding the "monopolies"; it would like to see the capital needed for market access and inventories in one piece, at least to the extent that such capital still exists. For example, the

government wants to maintain three grain trading companies with headquarters in Győr, Kaposvár and Szolnok, capable of competing in the international marketplace. True, these, too, would require a capital injection of a paltry one billion forints from the state, because these, too, have been mortgaged to an extent of 70-80 percent, according to recent reports. The Agricultural Committee tried to vote against the three monopolies in the course of the above-mentioned debate in February and March. In the end, the AVU Board sustained its own concept, by promising to sell separately the mills and the blenders that could be severed from grain trading enterprises. The problem is that due to the extent to which these units had been pledged as collateral, hopeful Hungarian businessmen would not be able to obtain preferential loans (E-Loans).

On the other hand, the Agricultural Committee succeeded in voting down the already ongoing privatization of the Buda Mill that belongs to the Pest Country Grain Trading Enterprise. As mentioned before, the mill would have been bought by a U.S. multinational firm. The rearrangement calls for providing an opportunity to employees to buy 10 percent of the shares, while grain producers would acquire ownership to the extent of 25 percent of the shares plus one share. Here, too, the damned collateral exerts its adverse effect to the tune of 200 million forints: this amount, too, would have to be paid by the future investor when buying a 51 percent controlling interest in the mill.

But let the ironclad laws of capitalism resolve these difficulties.

**Transformation and Privatization in the State Food Economy  
(Producer and Service Enterprises, Research Institutions)**

Branch	Total Number of Enterprises	Transformed	Privatized
Confectionary	3	3	3
Vegetable oil	1	1	1
Breweries	5	5	3
Tobacco	7	6	4
Refrigeration	9	9	2
Wineries	7	5	1
Sugar mills	13	9	7
Distilleries	8	6	3
Canneries	14	7	5
Poultry	10	8	3
Meat packing	23	14	3
Dairy	17	1	1
Grain	21	3	0
Total	138	77	34

**\* Head of Winning Trade Union Organization  
Interviewed**

93CH0680A Budapest NEPSZABADSAG in Hungarian  
28 May 93 p 11

[Interview with Sandor Nagy, president of the National Federation of Hungarian Trade Unions, by Katalin Bossanyi; place and date not given: "It Is Possible To Agree When the Good Intentions Are Mutual"]

[Text] *While the government, the parliamentary parties and the extraparlimentary political forces issued statements welcoming the success of the elections to the independent boards of the social insurance funds, strange rumors were circulating in the background about moves "to torpedo" the rapid establishment of such funds. We interviewed Sandor Nagy, the president of the winning MSZOSZ [National Federation of Hungarian Trade Unions], about these rumors and asked him to outline the trade unions' assessment of [Finance Minister] Ivan Szabo's economic package plan.*

[Bossanyi] What do you say to the bill sponsored jointly by the MDF [Hungarian Democratic Forum] and FIDESZ [Federation of Young Democrats] which, if passed by Parliament, would give the government more say on the independent boards of the social insurance funds?

[Nagy] I have reservations, and rather serious ones, mainly about the timing of this bill, rather than its provisions. Namely, the government ought to have started thinking sooner about the manner in which the rather heterogeneous organizations representing the interests of employers are to designate their representatives on these boards. It is unacceptable that, as an afterthought when the results of the elections are already known, the two parties want to change the rules of the game. That does not conform to the norms of a democratic, rule-of-law state. And it is particularly strange that FIDESZ is lending its name to such a bill. However, let me add the following: If, on the basis of this bill, Parliament is able to regulate very quickly the rules for designating the employers' representatives, our assumption will turn out to have been false and there will have been no question of any delaying tactics. But as long as this bill holds up approval of the independent boards' rules of organization and procedure, our suspicion will seem well founded.

**State's Predominance**

[Bossanyi] Have you not held consultations with the employers on this?

[Nagy] No, not before the elections. But now we intend to sit down with them and reconcile our respective standpoints.

[Bossanyi] Hungary's economy will continue to function as a mixed economy for a long time yet. Which means that the state will be one of the biggest employers.

Therefore it makes sense that the state should also be represented on the independent boards of the social insurance funds.

[Nagy] The state should be represented through the organizations safeguarding respectively the interests of the state enterprises and public employees, but not directly through designated representatives. After all, the law clearly defines the relationship between the government and the independent boards. If the government were to obtain also seats on the boards along with the other employers' representatives, the state's representation would be predominant. For example, the state could veto any decision adopted by the elected representatives, or it could make the independent boards of the social insurance funds incapable of functioning.

[Bossanyi] The law also states that the social insurance funds must be endowed with assets worth 300 billion forints. So far, however, the funds have not received even a penny. Furthermore, the AVU [State Property Agency] and the Ministry of Finance are lining up more and more arguments against "capitalizing" the funds as originally planned. What is the trade unions' standpoint on this issue?

[Nagy] It would have been unsuitable indeed if, after delays over a period of several years, the transfer of assets had been timed to occur just before the elections. Now the funds must be allowed to retain their right to decide for themselves the compositions of the portfolios they are able to accept. But this entitles neither the government nor the members of Parliament—I have particularly the Kupa-Balogh duo in mind—to again change the rules of the game afterwards. Unfortunately, our experience is not promising. From our point of view, therefore, the message of every proposal involving the assets of the social insurance funds, including the aforementioned MDF-FIDESZ bill, is the same: It is a slap in the face for the 40 percent of our citizens who participated in the elections. And that is a fairly dangerous game.

**Professional Asset Managers**

[Bossanyi] If you put aside your role as trade union leader and consider this question only as an economist, do you not agree that the assets have to be transferred gradually, and a professional organization must be created to operate them?

[Nagy] Perhaps it will be the opinion also of the social insurance funds' independent boards that they should not be inundated suddenly with 300 billion forints' worth of assets. And it is indisputable that an expert apparatus will be required to manage the assets. We never said that trade union officials, rather than professional asset managers, intend to administer the social insurance funds' assets. But what we have been, and still are, objecting to is that they toss a few billions into our lap and then forget about the rest. Speaking also as an economist, I disagree with the idea of using even a penny of these assets to help cover the current expenditures of

the social insurance funds; as well as with the idea of transferring blocks of stocks that yield very little income or none at all. For that way we automatically would run through the assets very quickly. If at long last the independent boards gain control of the assets to which the social insurance funds are entitled by law, they will have to manage the assets in a way that will ensure the funds' long-term stability. But that requirement is at complete variance with the standpoint of transferring to the funds immediately marketable real estate properties or dividends that would plug the current budget's deficit. We will not be a party to such a deceptive deal.

[Bossanyi] NEPSZABADSAG recently interviewed [Finance] Minister Ivan Szabo. He said, among other things, that since the assets had not been transferred as yet, it would be best to await the outcome of the elections, so as to know exactly with whom it would be necessary to negotiate.

[Nagy] That line of reasoning is acceptable. But once the independent boards of the social insurance funds are in place, proof of the government's promise will be its willingness to hold meaningful talks on transferring to the funds assets in a composition that is acceptable to us as well.

[Bossanyi] Let us turn to the government's economic package plan. Allegedly the IMF is willing to let this year's budget deficit be larger than planned, provided the additional deficit is used to stimulate the economy, rather than to increase the expenditures for social welfare. For the IMF contends that, in recent years, the growth of expenditures for social welfare was excessive in comparison with the economy's performance. In other words, that the government has been pursuing a social policy geared to inflation. Do the trade unions find this argument acceptable?

[Nagy] No. The growth of expenditures for social welfare has not been at all commensurate with the rise in prices. It will suffice if I mention merely one major item of expenditure, namely pensions. If this is truly the IMF's point of departure, then the IMF probably did not receive sufficient information. For if we were to examine the growth of expenses for public administration, we would really find such a relationship there. I strongly suspect that, once again, the IMF is being used as a scapegoat, by presenting unpopular measures here at home as the IMF's dictates. Incidentally, I think it is quite natural for the IMF to set conditions for further loans when it sees such a budget deficit. But I do not think the government should accept conditions that would lead to the further pauperization of this country's population. For what has been evident of the Szabo program so far, over and above a peculiar mix of higher taxes and compensations, is a threat specifically to the middle strata of our society.

[Bossanyi] Is there any way in which the MSZOSZ could clarify all this directly with the IMF's representatives?

[Nagy] We would like to familiarize ourselves by all means with the IMF's computations. And we would like the IMF's representatives to become acquainted with the trade unions' arguments as well. The more so because we are able to prove that VAT revenue does not have such a direct deficit-reducing effect as fiscal circles claim. But it does have a direct effect on the price level and encourages many entrepreneurs to disappear into the undocumented economy. We support a rational tax reform, but not mutually conflicting changes in the tax system's individual elements during the year, for short-term budgetary considerations.

### Unfair

[Bossanyi] The finance minister cites the pact concluded with the ET [Interest Reconciliation Council] last November as one of the reasons for presenting a supplementary budget. He claims that the additional expenditures resulting from this pact can be identified as the cause of the rising budget deficit, and this is something that also the National Assembly must now acknowledge.

[Nagy] According to the government's estimates, the ET pact increased budgetary expenditures by 30 billion forints, and Parliament took cognizance of that estimate last December. If now the budget deficit turns out to be higher, it is unfair to shift the blame for this to the government's social partners. I am convinced that the dropout of privatization and tax revenues, and the rising costs of public administration are what boosted the deficit. This is something Parliament ought to face when considering the supplementary budget.

[Bossanyi] Naturally, the finance minister has made no secret of the fact that his measures would mean further belt-tightening. Do you regard as acceptable and feasible what is already known about this package?

[Nagy] What I am worried about is not what is in that package, but what has been left out of it. Obviously, in the present situation, the government ought to be thinking in terms of a series of comprehensive economic policy measures. For instance, it ought to specify what it intends to do to stop the decline of the real-world sphere and create new jobs. Instead, the government is merely proposing a reallocation of the shrinking revenue base, in a manner which of course is more simple for the state budget. I object to the government's continuing refusal to face the real situation, the economy's deepening crisis. This is why I fear that the present proposals will produce merely half-measures.

[Bossanyi] Would the trade unions be willing to be the government's partners in implementing a meaningful crisis-management program?

[Nagy] In my opinion, a sensible trade union is willing to be a partner in any program able to explain why additional burdens have to be assumed at present, and how society will eventually benefit from its present efforts. But until we see this, mistrust of the government's one-sided austerity measures will continue.



### Partnership

[Bossanyi] But where does this leave the oft-mentioned self-restraint that the social partners would pledge in the country's interest, in order to overcome the crisis?

[Nagy] We will be willing to undertake that self-restraint, the moment a proper social partnership will have developed. Unfortunately, our experience of the reconciliation of interests shows no sign of that happening. I am aware that this now sounds as a political argument against a package of economic measures. But the government must reckon with the fact that it will be able to reach agreement with its social partners only if it takes their arguments seriously. At this point, I would like to refer to the political situation that will develop after the elections to the independent boards of the national insurance funds. If the trade unions find that the government and the members of Parliament take the independent boards' legitimacy seriously and do not attempt to force the boards under their own influence, then obviously it will be easier to consider as partners also the economic package plan. However, if they now attempt to sell us down the river once again, then obviously it will be more difficult to conclude economic and social agreements. But if the exact opposite happens and the independent boards are now put in place quickly, regardless of who cries sour grapes, then also the negotiations on the reconciliation of interests will be able to make progress. I am unable to waive that condition.

[Bossanyi] The finance minister will present the package to the ET before the end of June. In view of the fact that the country's fiscal situation is at stake, how open are the trade unions to a new pact?

[Nagy] If everyone is now willing to draw the lessons from the experience of the past three years, is able to set aside his preconceptions and to approach society's problems with the humility that the seriousness of the present situation requires, then there is scope for a comprehensive economic and social pact. But if in the meantime

they are considering how best to pull out the chair from under their partner, then it will be impossible to reach agreement.

### We Must Not Be Blackmailed

[Bossanyi] There are theories which hold that, if the ET refuses to accept the Szabo program and the National Assembly does not approve next year's budget, a situation might develop such that general elections would have to be called ahead of time. And that could help the extremists to gain ground. Do you recognize the trade unions' responsibility in developing or preventing such a situation?

[Nagy] Bringing the elections forward would be extremely unwelcome for us. That was our standpoint also earlier. Among others, this was one of the reasons why we did not support the referendum to dissolve the National Assembly. According to my conviction, it is not good when general elections, the most important constitutional action in a parliamentary democracy, are held in an emergency. It would be desirable to avoid having people vote out of anger or hunger in the next general elections. Let them vote deliberately. The value of a vote against someone is different from that of a vote which I cast because I want to vote for someone. In a politically and socially tense situation, the effect of voting "against something" intensifies. And that creates a shaky structure that is not really suitable for stabilizing the country's economy. That is why the trade unions have absolutely no interest in bringing forward the general elections. We will have to bear also that in mind when negotiating within the ET and coming to an agreement with the representatives of the employers and government respectively. Obviously, everyone will have professional arguments in support of their own views. We will not be inflexible and will take also the possible political consequences into consideration. It is an entirely different matter that the government must also be fully aware of this and must avoid even the appearance of attempting to blackmail its social partners. If we see that the good intentions are mutual, it will be possible to come to an agreement.

### \* Performance of First-Term Sejm Deputies Evaluated

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15 May 93 pp 14-15

[Article by Janina Paradowska and Mariusz Janicki: "Sejm Life: Motto: 'Democracy Still Needs Parliament,' Marshal Wieslaw Chrzanowski"]

[Text] The first question: How hard does the Sejm work? From the beginning of the term until today, there were 43 meetings. The term lasted 136 days. In other words, the Sejm deliberated more than one-quarter of the time it was in session. During that period, it issued 98 laws and 129 resolutions. The deputies raised 633 interpellations and 468 inquiries. In other words, the state legislators had to go to the plenary meeting hall to be tormented with basic problems of the country more than 1,000 times. And 526 times they made pronouncements—that is that fragment of deliberations when a majority of the deputies left for supper, others were already deeply asleep, and someone was still standing at the podium.

#### Blacklist

As is universally known, laws are not made during plenary sessions because politics, coalitions, and election campaigns are made then. Laws are made in committees that have met thus far more than 1,900 times. The record for this session is 27 committee meetings in one day. That looks like heroic work for which high honors should be granted, but the picture is spoiled by the attendance at committee meetings. And that is not good, which is not surprising if we take into consideration that, except for a few spectacular instances such as audits and decommunization or electoral law, when one can appear before journalists, such committees are a "ghastly bore" or engaged in passing laws for the plain citizens. In other words, very few understand that, but it affects everyone.

Punishment is provided for unjustified absence from committee meetings. Typical is the fact that, except for party repressive measures that no one fears because they do not involve monetary losses, one may skip plenary meetings without any adverse consequences. That is a good reflection of the hierarchy of importance. If one misses more than one-third of the meetings, the Polish traveling allowance is decreased to the same degree. At present, that is a threat to 60 deputies, among whom are such well-known ones as Tomasz Bankowski, Bogdan Borusewicz, Zbigniew Bujak, Jerzy Ciemniewski, Wladyslaw Frasyniuk, Mieczyslaw Gil, Aleksander Hall, Lech Kaczynski, Jan Lopuszanski, Jacek Merkel, Stefan Niesiolowski, Waldemar Pawlak, and Andrzej Zarebski. The absolute record holder in that respect is Wacław Niewiarowski, the minister of industry from the Polish Convention, who missed all 21 meetings of the Committee on the Economic and Industrial System and did not justify any absences. Perhaps as minister he had no time, but why, in that case, create fiction and volunteer for Sejm committees? Another record holder is Lech

Kaczynski, the chief of the Supreme Chamber of Control, who attended none of the 10 meetings of the Committee on Administration and Internal Affairs. Without justification.

When the Sejm decided that, in a case where a deputy assumes a position in state administration he loses the right to deputy travel expenses, the government coalition mobilized exceptionally well in the Senate, and the resolution did not pass. Is it true that nothing is as unifying as money? One's own, obviously, because, in the case of either the state budget or privatization, one can give oneself greater freedom and vote against the coalition, one's party, or even common sense.

#### Ritual Disputes

Sejm committees frequently assume the character of rituals. Several or quite a number (optimistic version) of people gather. The leader begins the meeting, then the standing opponents take the podium with their well-known arguments. The best example here is the "lustration" committee, where, after an exchange of views among Deputy Jaskiernia of the SLD [Democratic Left Alliance] and Deputy Macierewicz of the Circle of Christian-National Deputies, the matter returns to the point of departure. Then the deputies adjourn with a feeling of a job well done and learn the time of the next meeting. Unforgettable also were the meetings of the Extraordinary Committee working on the Small Constitution. Deputy Jaskiernia and Deputy Liszcz managed to voice doubts and proposals for specific bylaws for hours. Deputy Jaskiernia was checked by Deputy Kwasniewski, and Deputy Liszcz was spurred on to battle by Deputy Kaczynski (Jaroslaw). Meanwhile, Deputy Korwin-Mikke was writing something on a computer (possibly columns). Other impatient deputies milling about the hall had to be careful not to break the complicated connections between the computer and the nearest socket.

The Agriculture Committee, with such loud deputies as Jacek Soska of the PSL [Polish Peasant Party] and Marian Pilka of the ZChN [Christian-National Union] (we know what farmers think about government policy), produced one (literally one) law plan since the beginning of the term.

That does not alter the fact that some of the committees work effectively, but, even there, the fact that someone is actually working for the taxpayers' money should not cause a sensation. On the whole, committees can be divided into those that are overworked (Legislative, Budget, Social Policy) and those on vacation (Youth, Culture). The Committee on Culture, for example, likes very much to meet to evaluate changes in personnel and programming in television. It seems that every time there was a change, there was a meeting of the committee. Recently, however, there have been very few changes, and the committee has to give time to a matter as modest as authors' rights. That is the only law plan the committee is working on at present. The Committee on

Youth (with the appendages of culture and sport, a department division of the committee that is a relic of the Polish People's Republic in Sejm III of the Republic of Poland) gained fame mainly for the proposal to adopt a resolution that youth should have it better. The plenary debate over the plan was very emotional, and Deputy Hannelowa was especially upset that the problem was not sufficiently appreciated.

We shall also note that, during plenary meetings, the deputies sometimes exhibit great dedication. The longest meeting lasted until 0310 hours and was a report of the so-called Cierniewski committee (on the audit, according to Macierewicz). In second place is the information of the Minister of Agriculture, over which the deputies sat until 0305. And here we come to the so-called permanent elements of the Sejm game. Those are: calling on Minister Skubiszewski once every quarter to give up foreign policy, agriculture debates, and setting meeting agendas.

Most picturesque were the agriculture debates, especially the night meetings. In an empty hall at those times, the PSL and the PL [Peasant Accord] abrade each other, and the deputies on duty from other clubs sleep. As a rule, the PL people are well rested because they have gone through good preparatory training for the debate. On the day of the agriculture debate, the peasant sectors are empty in the morning. They begin to fill in the afternoon. That is due to the automatic depopulation of the other sectors. The last agriculture debate took place during the day, while television and radio broadcasting was in progress. It is usually quite difficult to get this time. All try to get their matters on during the radio-television broadcasts. However, the agriculture debate in the daytime was decidedly less successful than the night debates.

Many at the lesson lost the agenda when the new bylaws became valid. Motions on introducing additional points had to be made 12 hours before the beginning of the meeting. Once the KPN [Confederation for an Independent Poland], the absolute record-holder in adding to the agenda, was about seven minutes late with a matter, a key matter as important for the Confederation as the dismissal of Minister Lewandowski. Motions on adding to the agenda pertain mainly to forcing the government to explain why someone is on strike, why people earn so little, why there are various social conflicts. The connection between the general situation and the agenda is such that, when strikes begin, for example, the KPN makes several motions. Frankly, it seems that the parliamentary club of that party employs a specialist for adding to the agenda. It is no small thing to think up several new points every two weeks.

#### In Pursuit of Education

One of the Sejm employees told us: "The public laughs at parliament and forgets that there were, nevertheless, free elections." That is true. But, in the general confusion, frequently it was chance that decided. Despite the best will, it is difficult to say that our parliament members are

part of the "first ten thousand" in the country. They are, rather, the further tens or hundreds (thousands, obviously), but, as we know, man learns all his life. Especially if he has the opportunity for it. The deputies also have it. In the Sejm, 70 individuals are employed in the Office of Studies and Expertise, which Deputy Bugaj, in the program "Letters on the Economy," included on the list of institutions that are "fundamentally superfluous." At first, the deputies were suspicious of the Office, but later they relaxed. Since the beginning of the term, the Office issued 1,783 expert opinions and consultations, of which 1,220 were requested by the deputies. In the Sejm, there is a Service for Deputy Consultation responsible for answering any question a deputy might have, without passing judgment on his intelligence. The questions thus far have been various—May I have the phone number of...? How much is the U.S. Senate budget? How much would it cost to build a highway in the Krakow region?—but hurry because a voter is waiting. When the cost of such expertise was estimated, if it was provided "outside," it developed that it would be approximately a quarter of a billion zlotys [Z]. A deputy gets it free of charge.

One of the deputies asked for an opinion on an inheritance matter, which he wanted within a half-hour, and presented a large book of acts on the matter. The Office of Studies does not settle private matters, but that was an election matter, insisted the deputy. It developed into a legal nightmare, as does every inheritance matter.

In the final days, the SLD deputy requested expertise on the social results of one of the laws that had been adopted. He wanted an answer within a week, when the work normally takes a month. Other requests: express delivery of the Finland Constitution and its various aspects, and French "mining law"—but quickly. Leszek Bubel, the "beer" deputy, now an independent, requested the most consultations, and the KPN deputies are most demanding for knowledge. They are the ones who introduce the greatest number of enlightened corrections to all laws. Here worth noting is Deputy Zbigniew Frost's record, established on the occasion of the privatization law. Deputy Frost personally proposed 17 corrections to 29 motions of the minority (which took more than three hours), although it was obvious that the KPN would propose rejecting the plan, as it did, but the Upper Chamber had to vote on the motions in turn. Speaking of motions of the minority, the program of universal privatization was its own kind of record holder: Almost 100 motions were made on the second version of the law. The electoral law was a close second: more than 80 motions by the minority. That joyful creativity was limited, however, when the plan was recognized as being urgent. Then, during the second reading, no motions could be introduced during the discussion. But the deputies could not deal with that, and even the hard-working Deputy Bugaj could not make life difficult for Minister Lewandowski by a quite important motion that privatization of those enterprises that do not

apply for budgetary compensation and retirements begin after a year's delay. Deputy Bugaj was very unhappy about that.

### **Creativity Is Joyful Sometimes**

The Sejm machinery continues to work, despite the recalcitrance of the material. The most critical opinions of the present Sejm will not change the fact that it is what it is: nonprofessional, disorderly, sometimes ridiculously arrogant. It formed two governments quite efficiently and, even more efficiently, appointed three prime ministers. It adopted the Small Constitution and the electoral law, a law on the procedure for adopting the Constitution and on radio and television. It is adopting a budget, privatization, and dozens of other laws.

The Office of Studies and Expertise presented an interesting analysis of plans in the Sejm works, considering 142 plans that were the subject of Sejm work in the middle of March. Of those 142, 109 were introduced by deputies and Sejm committees, and 23 were proposed by the government, five by the Senate, and five by the president. Therefore, the Sejm won decidedly: eighty percent of the laws were the result of deputy initiatives. (At the same time, it was noticed that, after adopting the budget, the legislative activity of the government decreased markedly.)

The planners were most interested not in economic matters (those included the least controversial plans, although, at the end, there was a sprinkling of Council of Workers' motions pertaining to institutionalizing the State Treasury and the national stock exchange, presented as an alternative to universal privatization) but in matters related to social policy, the operation of territorial self-government, and settling accounts with respect to the end of communist rule.

So, as many as six different plans for the law on pension provisions were presented and an additional three on professional soldiers' pensions, five on the educational system, five on the management of agricultural real estate holdings of the State Treasury, four on promoting sobriety, four for a law on combatants, as many as six audit laws, and two each on the Chamber of Physicians, finances of communes, and communal savings funds. Of the 142 plans, only nine originated on the basis of constitutional authorization (for example, the electoral law, the referendum law). Almost 48 percent of the plans were proposals to change already existing laws.

The quantity does not, unfortunately, reflect care. Probably already a Sejm legend is the tale about how the celebrated plan for a law on allotment gardens almost led to a revolution in the Sejm during the preceding term; it was written in a hurry on a radiator, but, subsequently, the legislative creativity of the deputies departed far from conformity with the rules. Nine percent of the projects contained errors in internal structure and in numbering the regulations and were not guilty of clarity and grammatical correctness; thirteen percent had defects in the formulation of regulations authorizing the

issuance of legal acts. Almost half did not give specific justification or evaluation of economic results and did not indicate a financing source for implementing the law. It is interesting that the Sejm Presidium, which can return to the authors any plan that does not have appropriate justification, did not, on the whole, take advantage of that right. That is undoubtedly an original trait of our Sejm. In other parliaments, that kind of thing could not happen.

### **Poll Polyglots**

Our parliament members want to consider themselves worldly, and, for that reason, in addition to legal consultations (these amounted to only 65 percent of the total number, which is not surprising if we take into account that only 15 percent of the deputies declare a legal education), they ask for examples of foreign constitutions and all other foreign legal acts. And, although the deputies know languages fairly well, as indicated by the statistics provided (English 52 percent, German 37 percent, Russian 73 percent, according to their declarations, but, unfortunately, experience is less optimistic), they do not accept untranslated texts from the Office. Let us recall that translation of one page "outside" costs approximately Z150,000, and a page of one "ordered" document goes for, it seems, hundreds of zlotys.

But we are not concerned only about translations from foreign languages. As Wieslaw Staskiewicz, director of the Office of Studies, admits, much effort must be made to translate the professional text of an expert into the everyday language used by a deputy. Let us remember that almost a quarter of the deputies do not claim to have higher educations (almost 10 percent state their profession as "politician," and, in the questionnaire space labeled "education," 15 percent disarmingly state "not pertinent"). The same problem arises in translating Polish legal acts into foreign languages. Then, paradoxically, the contortions of our political thinking are most evident, all our flourishes, codes, and conditions, which, outside the country, speaking politely, are little understood. The Small Constitution is a good example; it was exceptionally difficult to translate it into English, which is exceptionally precise where syntax and logic are concerned. The versions presented in turn to the Anglo-Saxons aroused amazement, passing sometimes to amusement, and knowledge of the language was not what was in question here. The situation was similar in translating the bylaws of the Sejm: Translations into foreign languages by professional translators came out oddly. The deputies somehow make do with these bylaws, as evidenced by the fact that the Sejm is still working. Deputy Janusz Szymanski, of the Union for Labor, is a bylaws specialist. Some even say that he complicates the simplest matter by bylaws.

Not all deputies want to learn. More than 40 percent, 188 of them, did not request any expertise, and they are satisfied with that. The latest periodicals from the whole world come very promptly to the Sejm library (employing 40 persons); the deputies do not trouble themselves



to come here, either, although, recently, Deputy Marshal Jozef Bak, preparing for meetings, has started to drop in frequently, which Editor Ewa Milewicz notes with sympathy for the deputy marshal.

The Sejm marshals rarely take advantage of consultations (29 in the course of the present term), but, if they do, it is with lightning speed. That happened recently during the debate on the new electoral law, when the meetings were interrupted and the Office of Studies was telephoned and asked to find, in 45 minutes, the prewar Hague Convention among its old scraps of paper. What was concerned here was the effective electoral law concerning people without a country. The meeting waited and the Office searched until it succeeded. After all, as every journalist knows, it seems that it is much easier to find data pertaining to distant times, even foreign, than that pertaining to the most recent affairs, and those Polish. A woman clerk can conquer computers, faxes, telexes, and archives with great charm, while having a second breakfast or lunch. It is incredible.

Sejm consultants make an effort to be objective, which is not always noticed. Director Staskiewicz: "When Pawlak became prime minister, we issued an opinion on the soundness of the basis for dismissing some ministers and entrusting those functions to other people. Wojciech Włodarczyk, the chief of Office of the Council of Ministers, crossed out more or less every third sentence of our opinion and, in that way, had his—our—opinion. Pawlak had his. And that was not the first time that two competing sides used the same opinion as their argument. That is too much."

### They Are People, Too

In the Sejm, there is the so-called Office of Deputy Services, which employs 153 persons. It is intended to help our members of parliament in all vital matters without questioning the merits. Everything goes well as long as money is not involved. The law requires that the deputies declare their property. Up to 30 March of this year, or the last session, approximately 300 deputies made their declarations. The rest are silent. When the Office of Information of the Sejm, pressed by journalists, wanted to get even the names of the fortune-silent deputies, it met with refusal. Interpretation: The names of the deputies are part of the declaration of property—that is, they are privileged information. Let us add that the members of the Presidium of the Sejm gave a good example and disclosed their private holdings in their entirety.

Observers of parliamentary life notice the ever-increasing influence of various pressure groups or lobbying. That does not pertain only to the church, which has recently established a chapel in the Sejm (a priest comes from a nearby church, St. Alexander's); it does not

pertain to the president, who takes less and less advantage of a place in the loge of honor. The pressures are much more perfidious and completely nonpolitical.

On the day of the Senate debate on the law on limiting advertising, specifically of alcohol, a certain company invited the parliament members and members of the government to a tasting of the well-known whiskey Johnny Walker—and that of the Black Label variety, which is inimitable. Some of those invited accepted with their families. Let us add here that the proximity of the Sejm chapel to the Internal Trade Enterprise, Pewex, which sells alcohol (a distance less than required by law), sparked controversy that was resolved in a manner truly Solomon-like: Because the concession for the shop was issued earlier than the decision on creating a chapel, there is no problem. Law cannot be retroactive.

In any case, opening a chapel in the underground passage that joins the main building and the hotel is an entirely pleasant service arrangement: from Pewex to the chapel. Between them there are books—Nearer the chapel, religious books, and farther from it, secular ones. It was said that, in time, in place of religious books, there will be a sacristy. That is possible because the chapel does not have a sacristy, and the primate has no place to change into liturgical garb.

### Money, Money

Finally, we must answer the question of what a deputy lives on. First, what does he get free of charge? Correspondence with special envelopes that are, moreover, forged in large quantities. Recently, fliers from some youth organization in Laos were found in one of those. Lodging in the deputies' hotel is free. Those who do not like that hotel can use city hotels, for which they are allowed Z12 million monthly. They can also be privately quartered; then they are allowed Z6 million. We must add that the institution of a deputy hotel is not a worldwide practice. "It has certain academic traits. I have in mind drinking alcohol and crowding," says one of the employees in the chancellery.

A deputy can take advantage of a free Polonez car (but only within the confines of Warsaw; if he wants to drive farther, he must pay), and soon it will be the Fiat Temper. There are 38 Polonez cars. The Sejm marshal is entitled to a conspicuous Mercedes, and five deputy marshals use Honda Accords. A Honda Accord is also used by R. SEMPLOWSKI, the chief of the Sejm chancellery. Three general directors must be satisfied with the Korean Hyundai.

Mineral water is also free, but that is true almost everywhere. The deputies have a great thirst and like pretty flowers. That costs approximately Z1.5 billion annually.

Each deputy receives a Z5-million food allowance (non-taxable) and Z6 million outright if he does not work. For office expenses, he receives Z15 million monthly. In

addition, the parliamentary clubs receive Z2.4 million multiplied by the number of deputies in the club (for example, the SLD receives approximately Z140 million monthly). The clubs can do what they want with that money; no one checks their expenditures.

Thus, if a deputy likes the Grand Hotel and does not work, it costs the state approximately Z40 million monthly plus travel by car and correspondence. Members of parliament always submit requests and various receipts as evidence that they are entitled to something more when they work exceptionally hard, but the administration at the moment is unyielding. "If we allow that once, we will never be able to cope with all of the applicants," says Director Adam Kucharz.

Compensation for the marshal and deputy marshals (six individuals) amounts to Z1.5 billion per year. Our deputies like to travel, and that costs quite a bit: Z8.5 billion.

On the whole, the Sejm will cost the taxpayers Z676 billion this year.

For each deputy, there are two administrative employees, more or less. This year, the number will increase by 100. It appears that that is necessary so that the deputies might work more conveniently and be better protected.

Finally, a machine was purchased to X-ray shipments to deputies, which may be linked to the increased tension in the political battle. Before every plenary session, squads of the Vistula Units, with dogs, are invited to the building on Wiejska Street to carry out "pyrotechnic services." A few weeks ago, the procedure was shown on television, but, as the Sejm administration assures us, only an internal training film was intended. Certainly everyone has now learned where the soldiers do not look for bombs.

But sometimes the idea is expressed that, if the deputies do not harm each other, nothing else threatens them.

The Sejm is always making repairs and capital expenditures. A wing was built onto the hotel, a new passage was built between the buildings, and soon the deputy clubs will be getting 18 rooms, in turn. The deputies have at their disposal stores, buffets, coffee shops, restaurants, hairdressers (whose services Prime Minister Suchocka uses frequently), a swimming pool, computers, and offices that are at their beck and call. It is possible to not leave the Sejm for weeks while creating wise laws.

At this point, a thought suggests itself, subjective by definition and perhaps not entirely justified. It seems, specifically, that, of its two basic paid-for functions—authorizing policy and voting on laws—the Sejm decidedly prefers the first. But the whole Sejm apparatus, all of its chambers-recesses, are directed toward the second function. That disharmony is becoming ever more apparent.

## \* Problems in Agricultural Production Noted

### \* Land Sale to Foreign Investors

93EP0262A Warsaw SPOTKANIA in Polish No 17, 29 Apr, 5 May 93 pp 18-19

[Article by Robert Moren: "Let Us Not Abandon the Land!"]

[Text] At the same time that Poles proclaim they are Europeans, they are very afraid of the consequences of possible integration with the EC. Such are the results of a poll conducted by OBOP [Center for Research on Public Opinion] in March of this year. What we fear most is the decline of agriculture and industry, increased unemployment, and the collapse of the state—but also the purchase of national assets by foreign capital. The latter is a danger in the opinion of as many as 41.9 percent of those polled.

In another poll, from October 1992, up to 79 percent of Poles were of the opinion that we should not agree to the sale of Polish land to foreigners. Seventeen percent of those polled were inclined to permit the sale of land.

Thus, a large percentage of the public believes there is a real danger that Poland will be "bought out" and that that danger is becoming more serious. At the same time, the vast majority of those polled were not in a position to determine the extent of that phenomenon.

The principles of the sale of land to foreigners are regulated by a 24 March 1920 law: "On the Purchase of Property by Foreigners." That law divides all property into two types: regular (residences and building lots) and special (farmlands and industrial and trade facilities).

Decisions on the sale of all property to foreigners are made by the minister of internal affairs. According to MSW [Ministry of Internal Affairs] press spokesman Piotr Szczypinski, that law appropriately regulates those matters in spite of the fact that it is an old law because "the executory regulations are the most important thing here, and those regulations are very up-to-date."

The activities of the person making the proposal (the foreign investor) amount to submitting the appropriate documents and making possible the verification of those documents. Every contractor is checked out by the MSW "by all legally permissible means." The process may not last longer than two months.

The minister of internal affairs renders the decision in conjunction with the appropriate minister for the given type of property (for example, industry and trade or agriculture). If the minister's opinion is negative, the minister of internal affairs is obliged to hand down a negative decision.

The minister of agriculture, who consistently refuses to sell farmlands with an area of over 1 hectare, is the most implacable.

Jerzy Grzesik, director of the Department of Land Management and Farm Implements in the Ministry of Agriculture and the Food Industry, explained: "That happens primarily because, given overpopulation in rural areas and the limited possibilities for employment outside agriculture, we have enough human farm potential for the entire acreage to be farmed by Poles."

There have been no digressions from that unwritten principle. Often, however, the minister has agreed to change the designation of farmland to extra-agricultural investments.

"Thus, if a German farmer wanted to begin farming activity on our western lands where his parents farmed (which is very unlikely), he could not buy those lands but, at most, lease them," says Director Grzesik. He adds, "All reports about the sale of large acreage to the Germans, the Swedes, or others are simply untrue."

The granting of licenses for the purchase of property by foreigners is an element of current state policy. At present, the preference is for people who have ties to Poland to buy them. That is why it is almost exclusively foreigners who are Polish nationals, who are of Polish origin, or who have Polish spouses or children with Polish citizenship and who possess permanent residence cards who have opportunities for the purchase of land. In the case of corporate bodies, only those firms that document a plan for executing significant investments on Polish soil have those opportunities.

Even if someone wants to sell his own residence to a friend from abroad, he must obtain permission from the MSW.

In the past three years, just a little over 1,600 hectares of land was sold to foreigners throughout the whole of Poland, and in very small parcels. Interest in the purchase of plots in Poland is, on the other hand, very slight. Thus, the circulating opinions that foreigners, and especially Germans, are just waiting to buy out Polish land are a myth. Even if the sale of that land were not so strictly regulated, no such danger exists at present.

Foreigners are buying the most property in the vicinity of large urban centers. More than one-fourth of all lands sold are found in the Warsaw Voivodship. The Poznan, Katowice, Krakow, and Gdansk Voivodships occupy the next places. In the western voivodships, the size of sold acreage ranges from 0.1 to 4 hectares. In general, no one has wanted to purchase land in the voivodships of Chelm, Krosno, Sieradz, and Bielsko-Biala. Investors are being motivated not by sentiment but by cost-effectiveness.

The MSW spokesman confirmed the occurrence in Poland of a phenomenon of illegal land trade:

"From the viewpoint of internal state security, that phenomenon poses no threat. Those are individual cases,

and it is difficult to speak here of that as a phenomenon on some scale. That crime is being prosecuted by the MSW."

#### \* Transformation of State-Owned Farms

93EP0262B Warsaw SPOTKANIA in Polish No 17,  
29 Apr, 5 May 93 p 20

[Article by Elzbieta Narbutt: "Sadly Vegetating"]

[Text]

#### The PGR in Liquidation

More and more, state farms are an "uphill" battle. Almost overnight, that ward of socialism lost everything that determined its success—subsidies, cheap credit, and the assurance that its entire production would be bought—and it finally became totally lost. Production on the PGR [state farm], while often better than on the average peasant farm, has always been very expensive because costs never had to be considered. Thus, when the faucet of the state treasury was shut off, only some of the PGR's did not face bankruptcy. Both such objective causes as competition for cheaper food from import or the need to repay credit incurred and the helplessness taught over the years, which emanates in part from the conviction that what is state-owned will survive, have contributed to that.

At the end of 1992, there were 1,495 PGR's operating in Poland on more than 3 million hectares (approximately 17 percent of all arable farmland). On the average, one farm is made up of nearly 2,000 hectares. PGR assets are estimated at nearly 100 trillion zlotys [Z] and, with the land, at more than Z110 trillion, assuming an estimated land value of Z4 million per hectare. From that viewpoint, the statement that state farms are in trouble may not seem valid. On the other hand, the majority of them have hit bottom and, moreover, no one knocks from below.

On 31 December 1991, the PGR debt was Z20 trillion. Credit worthiness was lost by 780 enterprises. That essentially means their annihilation. Without turnover credit, such large farms do not have a chance of producing normally because it is in the special nature of farm production that monies flow into the treasury after the harvest—that is, in the fall—but investments are made beginning in the spring. And, of course, bank credit is needed for that. For more than a quarter of a million people employed in state farming, the struggle to endure or, more specifically, to survive often takes on irrational forms from the viewpoint of the economy. That is, however, an act of distress; the rural area and its immediate surroundings do not have available any free workplaces. Employees are attached to their plants for their housing, also; for them, the loss of work likewise signifies the loss of a roof over one's head. Thus, the PGR's sell everything they can to ensure their people a miserable existence. The cattle goes to slaughter, and machinery is sold for a song. Then the time comes when



credit and other obligations to the state cannot be met and, finally, when there are group layoffs. The creeping degradation is expressed primarily in the reduction of the number of head of cattle and sheep, and even hogs. There is also a departure from labor-intensive and more costly directions of crop production.

The remedy for the greatest problems was to be the assumption of farms, along with their entire indebtedness, by the Agency for Farm Ownership of the State Treasury, which was created in the first quarter of last year. After a PGR is placed into a state of liquidation, the agency can then sell it in its entirety or in pieces, lease it to a private individual or a corporate body, place it into the possession of an administrator for a specific time, or, finally, enter it whole or in part into a company. Thus, the possibilities are manifold, but they remain primarily within the theoretical sphere. There is no shortage of land in Poland, and there is certainly no land shortage there, where state farms are the most plentiful, in the entire Western Pomerania belt, in the Olsztyn Voivodship, and along the so-called Eastern wall. In 1992, the agency assumed 882 enterprises. A temporary manager was appointed in 343 enterprises, and 539 found themselves among the State Treasury Farm Property Reserves. To this should be added nearly 60,000 hectares from the State Land Fund. After the indispensable liquidational and legislative measures were completed, 227,000 hectares were designated for sale in 1992. All in all, purchasers were found for less than 10,000 hectares. Tenants agreed to take over 74,000 hectares. The rest is vegetating.

#### [Box, p 20]

From the years 1989-92, mineral fertilization was reduced on the PGR by two-thirds. In 1992, approximately 377,000 hectares of arable land were not sown (in 1990 the figure was 14,000 hectares, while in 1992 it was 62,000 hectares).

Of the 1,495 PGR's, 752 have alcohol distilleries, 41 have soapmaking plants, five have starchworks, 498 have fodder-mixing plants, 42 have fodder-producing plants, 14 have fruit- or vegetable-processing plants, 102 have pork butcher's shops, and 541 have forage-drying plants, sawmills, mills, yeast factories, or dairies.

On PGR's assumed into the State Treasury Agricultural Reserves, more than 90,000 people were employed. Of those, 83,000 are still employed, while 1,900 took jobs under the new owners. Nearly 1,000 went on annuities and pensions, and 4,500 on unemployment benefits.

#### \* Dutch Initiative for Vistula Delta

93EPG262C Warsaw GAZETA WYBORCZA in Polish  
11 May 93 p 21

[Article by Piotr Derlukiewicz: "Delta for Milk"]

[Text] We are coming to the end of the second year of the presence at the Vistula Delta of a group of Dutch experts

who are developing a "Delta Development Project" together with Polish specialists.

Their report was accepted by our Ministry of Agriculture [MR]. In October of last year, they began to develop a preliminary study for a plan to manage the wetlands. That study is to be completed in July of this year. Work on the study is being funded by the government of the Kingdom of the Netherlands, the Polish MR, and PHARE [Economic Reconstruction Aid for Poland and Hungary], the EC fund to aid postcommunist European countries.

Initially, the project is to be introduced in a so-called pilot area that encompasses a combined area of 5,000 hectares in three gminas: Gronowo Elblaskie and Nowy Dwor Gdanski (the villages of Kopanow and Marzecino in the Elblag Voivodship) and Cedry Wielkie (in the Gdansk Voivodship).

In that area, approximately 100 new farms are to be created on state lands. Existing private farms will be expanded.

The farms are to be either family farms with areas of approximately 30 hectares, or large 200-300 hectare farms, on which the existing potential of former PGR's could be used and a portion of the employees who lost their jobs on state farms could be employed. All of the farms are to specialize primarily in milk production.

The program envisages the simultaneous reconstruction of old roads and the building of new roads, flood control, land reclamation facilities, and the modernization of the rural infrastructure and development of services.

#### Delta, Dutch-Style

The sociological-economic studies conducted in the fall by Polish and Dutch specialists showed that delta farmers are very interested in the "Delta Development Project."

Of the 67 private farmers and 48 state farm employees from the pilot area, the vast majority agreed to take part in the first phase of the project. Thirty-one farmers stated that they wanted to increase the size of their farms or buy new ones, and 28 PGR employees likewise wanted to purchase their own farms.

Farmers would rather buy land than lease it.

#### Milk Credits

From the preliminary estimates, it seems that, in order to implement the first stage of the draft plan only within the area of the village of Kopanow (an area of approximately 2,000 hectares), \$16 million is needed. Two-thirds of that sum would be designated for loans for farmers, while the rest would go for environmental protection and the expansion of the rural infrastructure.

Herman Assen, chief of the group of Dutch experts, claims that the implementation of the project could be

threatened not so much by a lack of money as by the high interest rate on credit. He proposed that the credit could be repaid with milk because, as he said, milk is not threatened by inflation.

In the past week, in the Elblag Voivodship Office, a Steering Committee for the Delta Development Project was appointed. Kazimierz Porebski of the MRiGZ [Ministry of Agriculture and the Food Industry] was

appointed chairman of the committee, and Leo Braakenburg of the the Embassy of the Kingdom of the Netherlands and Jozef Pyrgies of the Agency for State Treasury Ownership in Warsaw were appointed deputies.

The study will be the foundation for talks with banks, primarily the World Bank, on the subject of granting credit for the preliminary phase of the project, the implementation of which is projected to take place in 25 to 30 years.

### \* Trends in Slovak Political Parties Identified

93CH0651A Bratislava KULTURNY ZIVOT in Slovak  
6-12 May 93 p 5

[Article by Pavol Fric: "Which Values Do the Supporters of Political Parties Affirm?"]

[Text] The Center for Social Analysis has completed an opinion poll on current social, economic, and political issues among the citizens of the Slovak Republic [SR]. The research conducted in March 1992 questioned a sample of 1,132 respondents. That sample meets the criteria of representation according to gender, age, education, nationality, type of residence, and area.

The transfer of state power into the hands of the HZDS [Movement for a Democratic Slovakia], the division of the common state, and the method by which the economic reform is implemented have left distinct impressions on the value orientation of the adherents of Slovak political parties and movements. From that perspective, one may speak about an internal differentiation of the Slovak political scene along the political, constitutional, and economic axes. The poles of the first axis are authoritarianism and liberalism. That concerns patterns of political life based on the principles of order, national unity, and the rule of a strong hand on the one hand, and individual freedom, plurality of opinions, and patient negotiations on the other. The closest to the authoritarian pole are the supporters of the HZDS. In a brief period after the elections, a conspicuous "hegemony syndrome" proliferated among them, which is reflected in their intentions to speak in the name of the entire nation, to attempt to unify it, to introduce order, to rule with a strong hand, and to face a bright future without any fear. It is no coincidence that an enumeration of the same ambitions often makes up the ideological register of the HZDS chairman, as well. Moreover, the supporters of two additional parties in the potential parliamentary coalition, the SDL [Party of the Democratic Left] and the SNS [Slovak National Party], are characterized by a considerable share of authoritarian tendencies, albeit with the difference that they put greater stress on the inevitability of negotiations and that they do not demonstrate so much confidence in the government and in the National Council of the SR as the supporters of the HZDS. The adherents of the parties in the parliamentary opposition (the KDH [Christian Democratic Movement], the MKDH [Hungarian Christian Democratic Movement], Coexistence) and the right wing not represented in the parliament (DS [Democratic Party], SP [Association of Slovak Entrepreneurs], SKD [Christian Democratic Party], MOS [Hungarian Civic Party]) are closer to the liberal pole. Their positions on this axis are more or less balanced. They combine their political liberalism with little confidence in the National Council of the SR and with even less trust in the government, and with feelings that individual freedom is in jeopardy. In comparison with last year, there is a conspicuous change in the fact that, while then the voters with authoritarian proclivities who supported the HZDS, the SNS, and the

SDL had called for participatory democracy (or, as the case may be, for some kind of popular rule that conforms to public opinion), they now have shifted to the positions of advocates of parliamentary democracy, which gives their parties a legitimate right to govern without any regard for the changes in public opinion. An opposite process took place when voters with liberal leanings turned from defense of parliamentarianism to an emphasis on the necessity to conform to public opinion. That phenomenon indicates how the principles of political life are being systematically manipulated and how shallow are the roots of political culture in Slovakia.

The differentiation of voters along the constitutional axis is determined by their attitudes toward issues related to the division of the CSFR and to the founding of the independent SR. At one pole is the joy that we have our own state—the "Switzerland of the East"—and the conviction that the split could not be avoided, and that it agreed with the will of the people due to Czech unwillingness to recognize the Slovaks as their partners. At the other is sadness, fear of the future, a denial that the division was inevitable, and the conviction that the CSFR had been divided too hastily, improperly and contrary to the will of Slovakia's population, which should have been offered an opportunity to express its views in a referendum. That axis counterposes the supporters of the HZDS and the SNS, who incline toward the former—that is, nationalistic—pole, with the supporters of practically every other political party of some significance, who are leaning toward the latter—that is, civic—pole. The followers of the parties representing the Hungarian minority have unambiguously adopted the most outspoken attitudes against the split of the CSFR. In comparison with last year, the most significant change is the shift of the HZDS followers toward the nationalistic position. That shift was so rapid and en masse as to indicate that, along with the recent decline in the numbers of potential voters for that movement, a "purge" of the advocates of coexistence with the Czechs is currently under way in the HZDS. It is symptomatic that, as concerns their optimism about future prosperity of the new Slovak state, the HZDS adherents have now surpassed even their colleagues who support the SNS.

The economic axis shows a more diverse differentiation of the political scene than the two preceding ones. It demonstrates several polarizing tendencies among potential voters. The first of them, which concerns basic economic principles, puts in opposition particularly the SDL with the part of the right wing that is not represented in the parliament (the DS, the SP, the SKD, and MOS). While the adherents of the SDL display stronger preferences for the supremacy of state ownership, state-controlled prices, and a state-guaranteed right to employment, the adherents of the right wing more frequently oppose state ownership and state controls. The polarization between the advocates of the leftist SDL and the right wing, however, is not as great as one might expect. It is a typical phenomenon for our current political culture, when, even among the followers of the

right, those who demand more far-reaching interventions by the state in price-setting and the job market prevail. This specific type of economic conservatism also finds majority support among followers of other parties, although not in such a distinct form as the one that is characteristic of the supporters of the SDL.

In the dimension defined by the economic policy of the government, the adherents of the HZDS and the radical opposition led by the KDH appear in the sharpest conflict. The former overwhelmingly accept the view that the economic policy pursued by the current government is superior to that practiced by the previous government. The latter hold the opposite view. The followers of the SDL and of the SNS most often see no difference between the economic policies of the two governments.

Another economic dimension differentiates between those who recognize that the economic reform is proceeding further with minor adjustments, and those who maintain that it has been stopped. The former camp includes mainly the followers of the HZDS and the parties of moderate parliamentary opposition—the SNS and the SDL. The latter group is represented by the parties of radical opposition and of the right wing that has no representation in the parliament.

The fourth dimension represents opposite views about the outlook for the implementation of economic policies pursued by the current government. At one pole are the HZDS adherents, who mostly expect that they and their families will live better and that everyone will benefit from the privatization program. At the opposite one are the supporter of the KDH, the SDL, and the MKDS [Hungarian Christian Democratic Party] plus Coexistence, who are convinced that we are approaching a situation where a few individuals in our country will be rich while the majority will live in poverty. Potential voters for the SNS and the right wing that is not represented in the parliament also more often anticipate the fulfillment of that possible development.

An analysis of the political orientation of the citizens of the SR and their view on economic problems has revealed several contradictions. It appears that, although the opinions of the majority are leftist, only 19 percent of all citizens have openly declared themselves as leftists. While 18 percent of the citizens describe themselves as rightists, only half of them hold consistently right-wing views. The largest group is represented by individuals with predominantly leftist convictions, who nevertheless consider themselves adherents of the political center. Among Slovakia's population, the position in the middle of the left-right spectrum seems the most attractive political orientation. Moreover, the proportion of voters who prefer the political center has grown in the past two years, although their increase is only moderate. Because the share of the citizens who consider themselves leftists or rightists has not changed in any major way, in that

sense the Slovak political scene may be regarded as stable and with no evident tendencies toward any left-right polarization.

#### \* Compensation for Czech Use of CSFR Flag Demanded

93CH0649A Bratislava PRAVDA in Slovak  
7 May 93 p 1

[Interview with Prof. Zoltan Valentovic, of Comenius University in Bratislava, by Milan Rusko; place and date not given: "The Flag Has a Value"]

[Text] There is talk about the flag of the Czech and Slovak Federal Republic at all levels—among the politicians in the governments and in the parliaments, and the citizens in the streets. The question of compensation for its use by the Czech Republic [CR] is an interesting one for both parties in the conflict, especially in connection with the Slovak demands for compensation. We asked JUDr. [Doctor of Jurisprudence] Zoltan Valentovic, C Sc. [Candidate of Science], the head of the chair of international law and politics of the Legal Faculty of UK [Comenius University] in Bratislava, for a brief interview on that subject.

[Rusko] Do you know of a problem in the field of international law similar to the current disagreement on the value of the flag?

[Valentovic] So far, I have never run into anything like it. When new states were created, new flags and symbols also were.

[Rusko] Can one thus quantify the value of the state flag and express it monetarily?

[Valentovic] I am not familiar with any standard of international law that would allow one to set a precise value on the state symbol, but I am convinced that the flag has its own numerical value, under the condition that both parties agree to it.

[Rusko] But one agreement already exists....

[Valentovic] Yes. According to it, neither successor state, neither the CR nor the SR [Slovak Republic], will use the federal state symbols. In the constitutional law on the demise of the federation in November 1992, it states: "The CR and the SR are not allowed after the demise of the Czech and Slovak Federal Republic to use its state symbols." The SR has complied with that, but the CR unfortunately has not. That is not proper behavior on the part of the Czechs. I do not understand why the Czechs did not decide on their own Czech flag. The argument that the Poles also have a red and white flag does not hold up. They could, after all, do the same as Slovakia has done, where we have the same tricolor as Russia, but, to distinguish between them, we have added our emblem to it.

[Rusko] And the problem of compensation?



[Valentovic] It would be nice if the Czechs would at least be aware of these matters and make financial reparations, as well, for the act of appropriating the flag for themselves. Everything has a value, and there is also a value to the symbol of a state that has existed for 70 years and that the world has recognized and respected as its state symbol. The appropriation of the federal flag can create the impression that the CR was to be the successor state to the federal Czechoslovakia to the full extent, and to utilize it in the political and economic fields, as well.

**\* Meciar: Only Capital Needed To Begin Production**

93CH0657A Prague HOSPODARSKE NOVINY in Czech 5 May 93 p 14

[Article by a Vienna correspondent: "Slovakia Lacks Only Capital"]

[Text] The main point yesterday of Slovak Prime Minister Vladimir Meciar's visit to Austria, the second day of his visit, was his speech on the current status of the Slovak economy and its future prospects.

V. Meciar gave detailed information, especially on the conditions for foreign investors in Slovakia, to representatives of Austrian industry and private entrepreneurs. He admitted that there still exist a number of administrative obstacles, but they are, according to him, only temporary. At the same time the prime minister expressed his pleasure with the agreement with the Austrian chancellor on the creation of a joint commission which will take up the preparation of projects for building up the infrastructure.

It is necessary for the electric power grid, oil and gas pipelines, and transportation arteries to be connected between Austria and Slovakia. According to V. Meciar, there has been a lot of talk about cooperation between the airports in Vienna and Bratislava, but so far not a single project has been implemented.

The overall state of the Slovak economy is, according to the prime minister, better than was predicted. The evaluation which the International Monetary Fund applies to developing countries cannot, in his words, be applied to the postcommunist states. The Slovak politician stated that Slovakia, therefore, does not need to devalue its currency.

V. Meciar announced that a total of 148 enterprises in Slovakia can immediately begin production on products that could be exported. They lack only the basic capital to begin production. In this connection, the head of the government mentioned tax advantages for foreign entrepreneurs who can be freed of taxes for a period of up to 10 years.

V. Meciar likewise pointed out the enormous unused capacity in engineering resulting from the conversion of the arms manufacturers, the level of which he considers

intolerably high. According to him, that production today amounts to only 9 percent of the level in 1989. The prime minister said that this development has freed up much modern equipment and many specialists. He further emphasized that the average monthly wages today in Slovakia amount to a level which would convert to about 250 German marks, which is very advantageous for a foreign entrepreneur.

V. Meciar assured the Austrian entrepreneurs that Slovakia is without a doubt oriented toward a socially responsible market economy. He said of the existing protectionist measures that he considers them to be only temporary.

**\* Minister Kubecka Discusses Economic Measures**

93CH0657B Bratislava HOSPODARSKE NOVINY in Slovak 14 May p 9

[Interview with Economics Minister Jaroslav Kubecka by Iva Kerna; place and date not given: "In Support of the Operations of Enterprises With Good Prospects"]

[Text] [Kerna] The Ministry of the Economy of the Slovak Republic has a 38 percent share in the Republic's industrial production. In an analysis of the current situation in your department, you have proposed several short-term measures in regard to the unfavorable status. What will be their primary goal?

[Kubecka] The goal of the proposed measures is to create the prerequisite conditions for reviving the economic activity in the enterprises which have good prospects for further development in the future.

If we cannot rapidly put together production in at least 136 enterprises which are capable of earning more than 68 billion Slovak korunas [Sk] for their production, three-fifths of which flows exports to foreign markets, while being loaned money at 11.8 percent, we are threatened with the loss of 143,000 jobs, especially with the worsening overall economic situation for the economy and the state.

By the measures which we have proposed, we want to create the conditions for reviving the economy. The measures will be implemented by commercial banks which will guarantee the effective nature of the credits provided and their compatibility with these measures.

With regard to the current unfavorable status of the Slovak economy, it is essential that we also take short-term measures to slow down the decline in employment, to maintain the domestic exchangeability of the Slovak koruna, and to speed up privatization actions stemming from the proposal for a new concept of economic policies for the Slovak Republic for 1993.

[Kerna] At what problem areas is this collection of measures directed?



[Kubecka] The first part is directed at improving the entrepreneurial sphere. It involves the necessity of making the previously mentioned loans accessible mainly to the manufacturers of marketable products, predominantly intended for export and with minimal inputs from imports.

We divided the organizations into three groups; those put in the first group are capable of paying back the loans within 6 months from the time they are provided (106 organizations) and they are only using the credits to overcome momentary shortages of financial resources necessary to cover the costs of the unavoidable production costs (the purchase of raw materials and energy, the payment of wages, etc.).

The enterprises in the second group (30 organizations) have markets ensured for their production (of which almost 50 percent is intended for export), but their high level of indebtedness makes it impossible for them to acquire credit resources. By offering them loans and implementing their sales, they will be included among the profitable enterprises capable of repaying their obligations to the consumer and the banks.

The third group (53 organizations) is made up of enterprises with requirements for loans be provided for investments with rapid returns. The loans can be repaid within 1 year and even in this year they are capable of increasing their manufacturer of marketable production.

The second part of the measures is directed at maintaining the domestic exchangeability of the Slovak koruna.

The goal of freeing up credit resources in this area is pursued by supporting the proexport policy, strengthening the currency reserves of the Slovak National Bank, stabilizing the Slovak koruna, ensuring the domestic exchangeability of the koruna, and rapid cash flow.

A third, no less important, area of the set of measures is the creation of new job opportunities. In the Strategy for Reviving the Economic Development of the Slovak Republic, emphasis is placed on the creation of job opportunities. One of the forms is the development of business activities in the private sector, mainly through tourism. It is proposed that Sk205 million (Sk195 million within the budget item of the MH) be allocated for providing advantageous loans by utilizing the approved mechanism of the Slovak Guarantee Bank to support foreign and domestic tourist exhibits, support state advertising for tourism, create promotional and information centers abroad, create a network of tourist offices in the Slovak Republic, and more.

Acceleration of the privatization process by standard methods contributes to the creation of resources in the National Property Fund. Enterprises have been identified for accelerated transfer to foreign investors amounting to Sk14 billion worth of property, which we consider to be a realistic and rapid possibility for acquiring the necessary financial resources.

[Kerna] When will it be possible to expect favorable and consolidating effects from the new measures?

[Kubecka] From a time standpoint, we proposed the overall set of measures so that the final solution of the problems will not be put off into the second half of this year. The fact that the approved measures will be put into effect by 30 June 1993 means that the favorable and consolidating effects of the measures implemented should begin to show up by the end of 1993.

[Kerna] Conversion is a complete set of political, military, economic, social, and psychological aspects. The ministry is preparing to introduce civilian production lines in the arms industry enterprises. What problems do you fear the most in connection with this?

[Kubecka] The rapid reduction in arms production in the Slovak Republic's enterprises represents a serious economic and social problem which requires us to take very rapid and vigorous actions. The actions taken so far by the former federal agencies and the Slovak Government as well, however, have only partly resolved the consequences mentioned above. The actions taken, considering the extent and rate of reduction in arms production and the fact that they were taken at a time of economic recession and a period of transition to a market economy, did not make it possible to create the conditions in 1991 and 1992 for a smooth start to the replacement programs.

The process of converting arms production has currently entered a critical situation. Without taking basic and rapid actions and without the assistance of the government, economic collapse is threatening in practically all the decisive conversion enterprises. One of the ways out of this is to speed up privatization. As part of the transformation process, the Ministry of the Economy is planning for departments of civilian production lines in the enterprises with arms production, but with the proviso that in the separate organizational units involved in the production of special equipment there is a guarantee of a majority participation by the state.

Civilian parts of the production thus split off have a better starting base for survival and subsequent development. At the same time, there is great interest in the civilian production parts of the enterprises, as shown by the number of competitive privatization projects submitted within the time limit and the interest shown by entrepreneurs after the deadline for submitting competitive privatization projects.

It will be necessary from the standpoint of their continued existence to purge the newly created organizational units handling the production of special equipment from unnecessary and unmarketable property (claims, supplies, loans, etc.). This property clearance can be carried out by reducing the basic assets.

It will also be necessary to establish organizational and economic conditions for managing these organizational units with permanent participation by the state. It will be

possible to utilize the arms production capacity cleaned out in this manner within a limited continuation of the arms production to meet the needs of the Army and the security elements of the Slovak Republic, as well as for exports to politically supported regions. This limited arms production would amount to approximately 15 to 20 percent of the original capacity.

Currently the Ministry of the Economy is submitting proposals to the Slovak Government on possible methods of resolving the critical situation in the enterprises with arms production, where pressing short-term measures by the government are laid out with regard to minimal effects on the Slovak Republic's state budget.

[Kerna] The small and medium-sized enterprises are also waiting for initiatives which would help them with their problems...

[Kubecka] The Slovak Government has adopted the viewpoint that it is unavoidable that we take steps which will create the important prerequisites for the development of small and medium-sized businesses. The viewpoint rests on the knowledge that in all the developed market economies the small and medium-sized businesses form 70 to 90 percent of the economic entities. They provide 45 to 70 percent of the jobs and produce 40 to 60 percent of the gross national income. The structure of the Slovak economy to date does not create the basic requirements for allowing similar proportions. It is therefore necessary that the role of the small and medium-sized businesses be increased in the process of restructuring.

By its resolution No. 862 of 1992, the Slovak Government clearly confirmed this need. It tasked the Ministry of the Economy with working up a comprehensive program of support for small and medium-sized businesses. This resolution was based on the principles of the Strategy for Reviving the Economic Development of the Slovak Republic, and the basis for the overall support of small and medium-sized businesses is firmly rooted in the Slovak Republic's industrial policies as well.

[Kerna] On what will you place primary emphasis in your overall support of small and medium-sized businesses?

[Kubecka] It will primarily be necessary to make use of the financial and institutional tools. Through the financial tools, the passive direct support is supposed to be changed into an active mobilizing element of development for small and medium-sized businesses.

The Slovak Guarantee Bank has already been successfully working in this direction for almost two years now, and its activities are closely tied in with the support of small and medium-sized businesses. I will mention only some basic data from its operations in 1992: It provided guarantees amounting to Kcs289.4 million for loans up to Kcs20 million; it was particularly involved in the so-called green loans, through which it provided guarantees amounting to Kcs538.3 million to 316 agricultural

organizations, within the developmental programs of the Slovak Government; it provided nonrepayable contributions to payments for interest amounting to Kcs108.2 million.

The Program of Support for the Development of Czech Republic-Slovak Republic Small and Medium-sized Businesses is getting an extraordinary response. Within this program, the financial contribution (payments for interest of up to 70 percent of their amount) is utilized especially for reconstruction and modernization of housing and dining facilities and facilities providing supplemental services to tourism (pensions, motels, roadside stops, restaurants, coffee houses, pizzerias, fitness centers, saunas, campgrounds, etc.).

As part of the plan for guarantees from the PHARE [Economic Reconstruction Aid to Poland and Hungary] fund, the SZB [Slovak Guarantee Bank] in 1992 began to provide guarantees for loans of up to Kcs4 million. The PHARE Program allocated ECU 2 million for this activity.

A substantial expansion of the SZB's operations is expected in 1993. This is, however, dependent on the creation or acquisition of the necessary resources. In this area, there is a further promise of foreign assistance as well from the PHARE fund. I consider the plan for small guarantees of loans up to Ks500,000 which was put into effect in March 1993 for ECU 1 million to be of only marginal importance.

Another important point of support for business in 1992 was the freedom from taxes for newly established business entities in accordance with certain conditions (Ministry of Finance Action No 69/1992 of the secretariat, in the text of Ministry of Finance Action No 3324/1992 of the secretariat of 15 September 1992), where the Ministry of Finance estimates that tax relief of about Kcs500 million was provided.

For 1993 the Ministry of Finance has prepared an update of these regulations in the sense that the tax relief differentiations are specified by the share of a foreign participant in the property of the entity being taxed and by the location of the business entities in selected regions.

Tax freedom is considered for one to three taxation periods (under the proviso that the required conditions are met), with relief from the tax obligations being differentiated.

Unfortunately, Slovak Government regulations will not significantly stimulate high-quality development in tourism and trade because the tax holiday applies only to businesses that are legal entities coming into being after 1 January 1993, without providing such advantages to existing businesses. The currently offered tourist services and their overall level will be affected. Nor will the tax holidays be extended to private businesses, which are the major players in the tourist trade. (According to the

trade register, the share of private businesses in tourism is 88.8 percent—that is, 16,259 of the 18,307 tourist offices.)

An important support element for business and employment is a financial contribution to cover the costs of creating new jobs (MPSV [Ministry of Employment and Social Affairs] Decree No. 342/1992 of the Zb. [Collection of Laws], where Kcs2.857 million was spent for 95,713 newly created jobs in 1992.

[Kerna] What will the Program of Comprehensive Support for Small and Medium-sized Businesses contribute?

[Kubecka] Within the Program of Comprehensive Support for Small and Medium-sized Businesses in the Slovak Republic which was submitted in April of this year for discussion by the Slovak Government, the Ministry of the Economy proposes the implementation of the following support programs in 1993: Start—with a goal of creating advantageous conditions for the creation and initial period of development for small businesses; Development—with a goal of creating advantageous conditions for small and medium-level entrepreneurs in carrying out their business plans; Region—with a goal of supporting the development of small and medium-sized businesses in selected regions which have been affected by structural changes in the economy and are economically weak; Patent—with a goal of using advantageous conditions to make it easier for small and medium-level entrepreneurs to make use of the results of research and development.

The support will basically be provided by offering guarantees for commercial bank loans up to a level of 75 percent of the loan and by nonrepayable contributions to cover the cost of interest, also up to a level of 75 percent, with established nominal limits according to the individual support programs. An independent point in the support of business is support from foreign funds.

In the area of financial tools, however, one must say that in 1992 not all the resources which were designated for that support were used up. An important reason for this situation was the limited credit resources in the monetary institutes and this also shows the inadequate level of information in the business public.

In 1993 practically all the above financial tools for the support of small and medium-sized businesses are supposed to be functioning. In some cases, they will be expanded or their quality improved. This is, of course, dependent on the creation of the appropriate resources.

Institutional tools are made up of the network of informational, advisory, and consulting centers whose main goal is to stimulate the development of growth in small and medium-sized businesses, while their informational and advisory activities should play the most important role.

Even though in 1992 there were 35 advisory business centers (PPS), three regional information and advisory

centers (RIPS), and one BIC [business innovation center] operating, it has been shown that the network of these institutions is inadequate. It is necessary to increase the functional level of the above institutions by improving the training and increasing the number of the personnel, as well as publicizing their activities.

In the interest of coordinating the operations of this network, including arranging for foreign assistance in the field of small and medium-sized businesses, at the beginning of 1993 the National Agency for the Development of Small and Medium-sized Businesses in the Slovak Republic was formed. It came into being as an independent agency, on the basis of evaluating a number of foreign experiences, which is the superior link in the network of similar state and nongovernmental organizations intended to support small and medium-sized businesses.

As part of its basic mission (the stimulation of the development and growth of small and medium-sized businesses), the agency will ensure the coordination of all activities, including financial ones, at the international, national, regional, and local levels for the support and development of small and medium-sized businesses. Among its other tasks, I would also mention the support and development of regional advisory and information centers, cooperation with the business advisory centers, connecting up with the existing European information network in the business field and the creation of an Information Center, etc. Besides this, the agency will perform the management function for the Project for Small and Medium-sized Business and for supporting and coordinating the PHARE fund assistance in the Slovak Republic.

The Slovak Subcontractors Exchange, which the Ministry of the Economy is establishing in cooperation with the French company C.E.I.E. Consultants, will cooperate closely with the agency. Its main mission will be to ensure the collection of information on unused production capacity of the Slovak enterprises for subcontractor work and arranging the offers of foreign partners and the consultation and other services connected with it.

Obviously, we are continuing to count on the operation of the RIPS's (whose number will be increased in 1993 to 10), the PPS's, and the Business Innovation Center (BIC), but we assume that the operations of the agency will strengthen their cooperative actions.

The Fund for the Development of Slovakia will be an important institutional tool for the industrial policy of the Republic which will positively influence the financial support of small and medium-sized businesses. Every legal entity and person can request support from it. The purpose of the fund is to stimulate and support the interest of the business community in implementing the intentions of the industrial policy of the Slovak Republic and its transformation into regions of Slovakia, research programs, and the development of equipment and technology.

### \* New Principles for Slovak Transportation Listed

93CH0648A Bratislava SLOVENSKE NARODNE NOVINY in Slovak 11 May 93 pp 1, 3

[Article by Vojtech Petro: "At the Crossroads of Europe"]

[Text] After the creation of the Slovak Republic [SR], it is essential to be aware of and to fully appreciate the significance and the role of Slovakia as a European transportation crossroads. In the field of transportation, that requires that we formulate new principles of state transportation policy that in no case can copy or explicitly take over the individual parts of the principles of state transportation policy of the CSFR of 1991. That is an excessively patched-together "fraternal" policy, as applied to Slovakia.

We have to start with the principle that both private individuals and legal persons take part in the transportation business. The new principles of the state transportation policy should represent the aggregate of the activities of all of the agencies of the Republic, the regions, the cities, and the communities (in accordance with clearly delimited jurisdictions) that provide for the transportation needs with minimal costs. The geographic location of the SR has all of the prerequisites for being able to provide for the transit needs, as well, so as to unite Europe reliably, safely, and with a high level of quality in transportation. However, those prerequisites do not mean that Slovakia will automatically become the European transportation hub.

If we look at the current structure of the transportation system of the SR, we can see that it has taken over many of the connections and relationships of the federal transportation system, including various shortcomings in the organization, planning, and direction of the individual types of transportation. The Ministry of Transportation, Communications, and Public Works of the SR apparently has under its jurisdiction all of the conventional (usual) types of transportation, but the unconventional pipeline transportation, which is of considerable importance and economic contribution and is made up of gas, crude oil, and petroleum product pipelines, comes under the authority of the Ministry of the Economy of the SR. As far as the infrastructure of the individual types of transportation is concerned, the situation is even more complicated. For example, water routes are under the jurisdiction of the Ministry of Agriculture, but the Ministry of the Interior of the SR has a considerable part in setting the standards and monitoring the safety and the management of transport.

The organizational structure of the Ministry of Transportation, Communications, and Public Works [MDSaVP] of the SR includes administratively a section for rail and combined transportation with the appropriate departments, such as a department for rail transportation, a department for combined transportation, and a department of state administration and state professional oversight, as well as another section for

ground, air, and water transportation, with a department for surface transport lines of communication, a department for highway and urban transportation, a department for civil aviation, and a department for water transportation. However, that organizational breakdown does not guarantee the exclusive jurisdiction of the MDSaVP in the field of transportation. The connections and relatively complex relationships of the mutual cooperation and cooperative activities with sections and departments of other ministries complicates a comprehensive solution to problems in transportation.

### Rail Transportation

The current starting-point status of rail transportation cannot be considered satisfactory. The reduced transportation performance as a result of the breakup of the eastern market and the various depressing programs, as well as the decline in production in the individual branches of the national economy, are having an effect on the network, with a total constructed length of 3,662 kilometers, of which 1,010 km are dual-tracked and 1,280 km are electrified tracks. As far as the density of the rail network, with its 74 meters per 1 square kilometer, even in comparison with Austria (73 meters per 1 square kilometer), represents the European average for covering a territory with railroads. Of the SR okreses, only the Svidnik Okres has no railroad tracks. Another of the okreses, Velky Krtis, has an unacceptable connection for the line that runs outside the country through the Republic of Hungary. The completion of a high-performance southern line for connecting the southern areas of the SR has run into a shortage of investment resources.

An effective solution to transforming the ZSR [Slovak Republic Railroad] must therefore be oriented mainly toward:

- Meeting the transportation needs at a high level of safety, reliability, quality, and regularity in passenger and freight transport at competitive rates (prices).
- The application of market principles in the operation of the ZSR and in commercial activities in expanding and improving the quality of the services for travelers and shippers.
- Expanding the ZSR services as a carrier of the phenomenon of logistic processes in transportation (express services, consulting, "door to door" operations, "always on time," priority freight, and so forth).

The transformation of the ZSR requires that we concentrate our attention in the economic part on:

- Separating the financial flows by the accounting department of the business operational activities from the infrastructure, including the compensation activities carried out by the ZSR in the public interest and further subsidies for priority renovation of the unsatisfactory status of the railroad lines and development of the infrastructure.



- Rationalization of the entire management, particularly by the introduction of innovative changes in the technology of operations, the elimination of ineffective operations, and a system of motivation that leads to increased income from business activities.

The current unfavorable status of the ZSR is caused by several factors, of which we should note:

- Underrating the role of the state in financing the railroad infrastructure.
- An unacceptable capacity of the ZSR for the changing composition of the transported materials and goods.
- Unresolved questions of the share of the state and the regions in the operation of nonprofitable lines and operations in the public interest.
- Unequal conditions for doing business, where the ZSR is the only branch of transportations that is burdened with the expenses connected with the maintenance, reconstruction, and modernization of the transportation routes.
- The questions of tariffs and price policies that to date have not been resolved in relation to the development of prices (the conditions have not been created for making adjustments).
- An unacceptable organizational structure of the ZSR, the low level of services provided, market research, and business activities.
- Delays and tardiness with the laws in relation to the transportation business and the transportation infrastructure (to date there has not been approval of the law on railroads, the law on rail lines urgently needs updating because of the changed conditions, the businesses entering into the market of railroad transportation, and so forth).

It is essential that, in 1993, we complete a thorough restructuring of the ZSR and separate the operational business activities from the infrastructure and the privatization of the specialized units of a service or support nature. If the basic needs for capital construction in the ZSR are not met and a reliable system of financing the maintenance, repairs, and development of the infrastructure in keeping with the EC criteria is not introduced, it will be very difficult to speak of any kind of strategy for the development of the ZSR up to the year 2000. It is certain that the inheritance from the CSD [Czechoslovak National Railroads] brought the ZSR a whole list of serious problems that sometimes border on questions of safety, reliability, and economic viability of rail transportation. Without a strict establishing of priorities in the concept of ZSR development, we will not make advances in connecting it into the European network, especially as far as the modernization of selected lines in accordance with the AGC (European agreement on the main rail lines) is concerned, considering the financial costs of completing the construction and electrification of the infrastructure and getting rid of the excessive

number of slow runs because of the poor technical condition of the tracks. The problem of increasing speeds and building high-speed lines is closely connected with that. A rational starting point is an independent concept for high-speed rail transportation that would, after 1993, establish with final validity the topology for high-speed rail lines, so that any kind of reconstruction and modernization of the rail network in the critical (tight) sectors could be implemented in accordance with the appropriate guidelines for high-speed rail lines, if such sectors are part of them in the long-term future.

#### **Highway Transportation and Surface Transport Lines of Communication**

The infrastructure of the SR's highway transportation is comparable to the European averages in terms of density (369.5 meters per 1 square kilometer) of superhighways and state Class I, II, and III roads, including the so-called European highway routes, but there are deficiencies in the standardized construction of the superhighways themselves and the high-speed four-lane roads (for example, Nitra to Ziar nad Hronom).

The SR's road network overall measures 18,123 km, of which there is completed construction of 197 km of superhighways, 3,080 km of Class I roads, 3,836 km of Class II roads, and 11,010 km of Class III roads. The road network has a large number of unsecured level crossings with the railroad, as well as bridges with low load ratings and similar deficiencies.

The current status of the road network also shows inadequacies in the reconstruction of roads in important areas—for example, eastward from Brezno. Main roads are lacking in the Velky Krtis Okres and in the regions of Orava and Kysuc. One must add to those shortcomings the mountain passes of Sturec, Donovaly, Certovica, Branisko, and similar ones that are limited in traffic by the climatic conditions, especially in the winter. Those are sectors that create various difficulties in highway transportation and are the cause of the undesirably high rate of accidents.

The greatest problems, however, persist in the construction of superhighways. We lack 433 km of the planned superhighways, including the undefined sections of the connectors of important communications centers (for example, Zilina to Martin) and tunnels under the problem mountain passes. If we add to those problems the unavoidable number of suitable connectors to eastern and western Europe (understandably very limited), the importance of the connections to the East and the West also includes, among other things, a solution to rapid transportation connections for eastern Slovakia with the west, which is likewise vital for the future development of the SR. The old familiar problem hangs over the sections of the superhighway routes that are still missing, that of the low intensity of traffic according to the problematic forecasts of the regions' transportation needs. That would result in the territory east of the Poprad-Brezno-Lucenec line remaining without any

good quality transportation connections. An effective combination of superhighways with high-speed lines of communications can achieve the optimum method for a combined highway network. According to realistic considerations and calculations, it is obvious that only one superhighway route of international and domestic importance will run through the SR's territory, for example, in the form of the multimode southern corridor of Vienna-Bratislava-Surany-Lucenec-Roznava-Kosice-Cierna nad Tisou-Cop.

As far as urban mass transit is concerned, the process of gradually getting rid of state ownership is also taking place in this field, and its operation is being handled by the city transportation enterprises in Bratislava and Kosice or the transportation plants of the CSAD [Czechoslovak National Freight and Bus Transport], with all of their accompanying phenomena of price policies and with a technically obsolete, ecologically harmful, and operationally expensive vehicle inventory. There are also problems with the electrified lines in Bratislava and Kosice, as well as with the trolley bus transportation in Bratislava, Banska Bystrica, and Presov. Trolley bus transportation is, however, also justifiable from the ecological standpoint in other cities, such as Zilina, Piestany, Trencin, Nitra, Trnava, Martin, Zvolen, and Kosice. If some city representatives are striving to implement that mass transit and at the same time thinking about making it profitable, the justifiable transportation needs will never be met in just those cities, but also in others with 40,000-100,000 inhabitants. It is an illusion to speak of profitable urban mass transit. Even at high prices for the tickets, urban mass transit is now showing a profit in any country in the world. Profit in urban mass transit cannot be the criterion for operating an urban transportation enterprise. It is essential to start with the creation of integrated transportation systems in urban, and also suburban, public transportation.

#### Air Transportation

The infrastructure of air transportation consists partly of airports with hard-surfaced runways at Bratislava-Ivanka, Piestany, Sliac, Poprad, and Kosice. The Bratislava-Ivanka airfield has an excellent location and outstanding flying conditions, but so does Kosice. These are airports of an international nature, and one can add the Poprad-Tatry airport to them as well. The rebuilding and modernization of the Bratislava airport could play a significant role in cooperation with the Vienna-Schwechat airport, which is overburdened with the intensity of flight operations. To fulfill that role means having a superhighway connection with Vienna and excellent rapid rail connections, including reliable urban mass transit, which limit its international significance. The Kosice airport, after its thorough reconstruction, can play an important role as an international cargo airport for the shipment of goods, along with passenger transportation.

The incomprehensible change of Czechoslovak Airlines, the state enterprise, into a corporation with foreign

participation and the restriction, not justified by anything, of the SR to one-third of the joint property administered by the former federal ministry of transportation is a very sad page in the new history of air transportation in the SR. By that act, the SR and its civil aviation, if we even can speak of any such aviation, also lost the important network of CSA [Czechoslovak Airlines] offices throughout the world. The entrepreneurial steps by Slovair or Tatraair, with their inadequate numbers of suitable aircraft, will not save the SR, which has lost its own flagship air transportation.

#### Water Transportation

The most advantageous type of mass transportation under the SR's conditions depends on the important transportation artery, the Danube, that today is already connected through the Rhein-Main-Danube canal with practically all of Western Europe. That transportation artery has increased the importance and significance of the ports of Bratislava-Palenisko and Komarno, but, with the system of water projects at Gabčíkovo-Nagymaros not being built, there remains the problem of lowering the draft of river and seagoing ships and boats right in the sector of Nagymaros-Hainburg and the exclusion of navigation by river and seagoing ships with drafts of 3.5 meters. Our ports at Bratislava and Komarno lose their original importance because of that.

Despite all of the problems arising from stopping construction on the Nagymaros water project, which influences the navigation of the Vah River projected as far as Zilina, we should continue making the section of the Morava River on the SR's territory navigable. Those and other water routes on Slovakia's territory can be an important contribution to its water management, as well.

#### Pipeline Transportation

This unconventional transportation occupies a very important position and role in the SR's transportation system. The network, as well as the lines of gas and oil pipelines, which so far are tied in exclusively to sources in Russia, are very sensitive elements of the infrastructure. The oil pipeline goes for part of the way through the protected watershed area of Zitny Island, and its lifespan has exceeded 30 years, which is not satisfactory. For 30 years, its operation has not been updated, but all the more exploited for the greater profit of Benzina Prague. The considerations of relocating it away from the above watershed area have remained just considerations. The discussions held with the Benzina enterprise in the Czech Republic [CR] have not brought any results. After the state legal arrangement was put into effect, the proper resolution of the question of the oil pipeline and the petroleum products pipelines from Slovnaft Bratislava into the Czech lands remains a large problem, with property and financial harm to the SR. Because of the civil war in Yugoslavia, the Adria oil pipeline has been taken out of operation. Its route leads through Hungarian territory. The widely discussed and well-justified oil pipeline of the ideal length of 60 km, from Schwechat

to Bratislava, remains unimplemented to this date, for which the Slovaks bear their share of responsibility.

Not even the transit gas pipeline leading from Russia through Ukraine has brought its expected effect to date because of the unresolved question of the supranational enterprise Transgas and the blocking of the hard-currency income for Slovakia by the Czechs. At the same time, the organizational structure of the transit gas pipeline in the SR, with its uninterrupted operation of the production sector, guarantees the supply of refined fuel for the CR, Germany, and Austria. The infrastructure after the division of the gas pipeline between Slovakia and the CR is likewise not without complications. The superior agency for the division of the transit gas pipeline, with headquarters in Bratislava, is the Ministry of the Economy of the SR.

#### **Combined Transportation**

The infrastructure of combined transportation in the SR is made up of the temporary freight transfer points in Bratislava, Nitra, Sliac, Zilina, Kosice, and Cierna nad Tisou. That network of public container transfer points does not cover the territory of the SR adequately. As far as the other technical systems utilized in the EC are

concerned, it is necessary that we very responsibly tie together into the most effective shipping system the highway equipment, the trailers, and the exchange superstructures, as well as the system of shipping double trailers.

The CSFR's consent to the AGTC [Airport Ground Traffic Control] international agreement creates the obligation for the SR to gradually modernize the rail lines included in the listing of the most important routes to the standards laid out by the agreement by the year 2000.

The newly created Ministry of Transportation, Communications, and Public Works of the SR has received as part of its duties the demanding and complex task of developing the transportation system. With regard to a corresponding organizational structure of the ministry with effective and mutual cooperation with the other concerned ministries and the utilization of experts, it is possible by setting priorities to gradually improve the transportation infrastructure, the organization and management of transportation, and the changeover of transportation means to improve the quality of travel and freight shipments.

**Federal****New Branch of Dafiment Bank To Open; More Planned***93BA1075E Belgrade BORBA in Serbo-Croatian  
20 May 93 p 9*

[Article by P. Janicic: "'Dafiment Bank' Back in Operation?"]

[Text] Herceg Novi—Last weekend, Ms. Dafina Milanovic, the president of "Dafiment Bank," was in Herceg Novi, where she announced that she will open a new branch in this city by the end of this week. Milanovic said that the interest policy of business transactions will be on the level of "Dafiment Bank" or on the level of the Central Bank, with a certain stimulus, about which savings depositors will be notified in a timely fashion.

"We have 5,230,000 depositors with nearly 18,000,000 contracts. As of 15 June, branches are opening that have been in operation for some time, while new branches are being started immediately, regardless of the consolidation of old ones."

**Macedonia****\* Ethnic Albanian Party Said To Favor Cantonization***93BA1039C Skopje NOVA MAKEDONIJA in  
Serbo-Croatian 30 Apr 93 p 5*

[Article by B.G.: "Cantonization by Platform"]

[Text] At a press conference yesterday, the National Democratic Party [NDP] announced a proposed platform for national equality in Macedonia, which will be offered to other political and academic entities and which it said will be implemented by institutional means.

The platform says that Macedonia is a multinational state and that it cannot function in accordance with a unitary concept, and on that basis, several goals are stated: constitutional definition of the state-creating roles of the Macedonian and Albanian peoples and of other national communities, and of all citizens; a bicameral parliament with consensual decisionmaking in the "national chamber" for many issues; returning jurisdiction to the municipalities and creating legal and constitutional possibilities for two or more municipalities to form joint bodies with special state powers in the spheres of defense, public security, the economy, finances, etc.; (as a step toward what it called regionalization or cantonization by peaceful means), all languages spoken by at least 10 percent of Macedonia's total population are to be official ones; state symbols are to be acceptable to everyone....

Unless normal democratic communication is ensured for the fulfillment of this platform, the people from the NDP emphasized, they would probably try to achieve it through institutional means, but with "unpopular measures for Macedonia."

**\* New Political Party Established***93BA1039A Skopje VECER in Macedonian 12 May 93  
p 4*

[Article by Lj. S.: "From Depositors—Politicians"]

[Text] Yesterday one more political party, which grew out of part of the membership of the Foreign Exchange Depositors' Association, was promoted in Skopje. According to party president Angel Dzambazovski, in the future the Democratic Party for the Economic Unity of the Balkans [DPEEB], which is this party's full name, will advocate "complete openness of the borders of all Balkan countries and the elimination of travel visas, as well as the formation of a Balkan Economic Union in which tariffs will only be a real consequence of a country's economic achievements." In that context, the creation of Balkan courts is anticipated.

One of the DPEEB's main positions is guaranteeing the capital of every entity in the state, as well as returning depositors' confiscated funds. For that purpose, the party will fight for the creation of a modern type of banking like Switzerland's, as Dzambazovski said.

**\* Development of Parliamentary System Viewed***93BA1039D Skopje NOVA MAKEDONIJA in  
Macedonian 1-3 May 93 p 8*

[Article by Zorica Darkovska: "The Facts Say: Leave!"]

[Text] *It takes true skill for someone to cope with the Macedonian parliament's work today, but it is real mastery to connect the beginning with the end of some Assembly sessions. The facts cannot be twisted into a newspaper witch hunt against the deputies.*

The deputies in the Macedonian Assembly are guaranteed by the constitution that they will not be replaced, aren't they? It seems that now they are working on a new project—guaranteeing eternity!

The ostentatious arguments for new elections are no longer taken seriously by anyone, because they are not supported by practical efforts to hold them, moreover by the two deputies' groups that have raised this issue to date—the SDSM [Social Democratic Alliance of Macedonia] and VMRO-DPMNE [Internal Macedonian Revolutionary Party-Democratic Party of Macedonian National Unity]. When the former demanded new elections a year ago, the others were opposed. Now, when these others are saying "Let's go!" the former are in power, and they are not proposing new electoral laws. Thus, nothing is left of the desire that at least 61 deputies



were supposed to have, to curtail the term early. Consequently, it would not be strange if now, instead of curtailing the term, the opposite situation were created, i.e., extending it—if no longer, at least until this set of deputies completely fulfills the task that was entrusted to it by the votes given them, to create a complete state. When one looks back two years and several months and sees what parliament has done during this period and what is left undone, it will be seen that with the pace of work that the parliamentarians themselves have determined, they will need several more terms to arrive at the goal that was set by the constitution.

After all, without any further commentaries, which in any case regularly anger the deputies and which they view as an unfair witch hunt against them being conducted by reporters, on this occasion we will only present some of the facts, which do not even require an accompanying text, since they say enough by themselves.

#### Assembly Cosmetics

When the first Macedonian multiparty parliament was constituted on 8 January 1991, what it had ahead was studying the lesson of democracy, defining the Macedonian state's "place under the sun," adopting a new constitution, and after it the 800 laws needed to implement this highest state document, and completing Macedonia's social and economic system. Democracy is still being studied, the constitution was adopted 11 months after parliament was constituted, Macedonia has become an independent and sovereign state, but without a complete system, something which is making its life much more difficult. Of the planned 800 laws, barely 300 have been adopted (in over two years), mainly cosmetic interventions in the existing documents. Problems arose, almost without exception, where fundamental changes were supposed to be made. Someone will say that disagreements and different views are only a normal phenomenon in parliamentary systems, but not when they hurt the state. Such harmful conduct by the deputies, during the Macedonian Assembly's existence to date, has occurred in abundance. On innumerable occasions state interests have been subordinated to party ones and even personal ones, to political publicity, and to courting the electorate—even to settling scores between parties, before the eyes of the public, which no longer has any illusions about the choice that it made.

As long as they work like that, people around them are being confused and upset, a degree of ill will and intolerance between one person and another and among everyone together is occurring, and the most important things are put on the waiting list, as if everything else is more urgent. Among these most important things, let us mention only the systemic laws. The constitution set the task and deadline of adopting 16 systemic documents that will put the system on a sound basis. So far only nine have been passed, outside of all the deadlines and terribly painfully. The others are not satisfying everyone's desires at all, as shown by announcements of disagreement (for those which came before parliament in

the final phase), and through the impossibility of preparing any kind of original text that could start going through the process. Haggling over voting was done regarding the laws on the seal, identity cards, and courts. The solutions in the law on privatization are expected at any moment, but those on local self-government and the territorial division are not being published at all. A separate story are the other 500 laws that are expected to put the Macedonian state on a sound footing, regulate all the relationships in it, among all entities, and ensure the improvement of people's lives.

#### Beginning Without End

The intrigue in the work, the confusion of the meetings, begun without being finished, painful, and unproductive, is what speaks in favor of the ideas that this crew of parliamentarians will not finish its work before the end of the term, if they continue to work in the same style. They will not finish either what they have started, or what they have yet to start for the first time with their unpredictability.

It is already difficult to grasp and connect the beginning with the end of some of the historic meetings. Let us recall that last July, the 41st session started, which has not yet been finished, and which closed with the laws on the seal and identity card. The 51st session began last November; it has likewise not been finished, and the law on the courts was the brake. The third on the list is the 53rd session, begun last December, with 11 continuations and still with one more item on the agenda—the news media. That is also waiting in line. Finally, here is the record-holder in terms of the number of continuations—the 56th. The Assembly meeting which has not been finished even after 20 continuations still remains the discussion of the events in the village of Radolista, scheduled for the week after the 1 May holidays.

If about 180 days spent sitting in the Assembly hall, over 4,000 discussions, among which the 2.45-hour one by Stoile Stojkov of VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party of Macedonian National Unity], over 15,000 pages of stenographic notes, and paper consumption averaging two tons per meeting, or one ton of paper for each deputy, were needed for this sort of inefficiency, what will be the bill at the end of the fourth year of the term? Finally, should it not be realized that in view of all these circumstances, it will be cheaper for the state if this wasteful parliament votes for its own departure soon?

#### \* Draft Budget, Taxes, Expenditures Described

93BA1040B Skopje NOVA MAKEDONIJA in  
Macedonian 29 Apr 93 p 3

[Article by K.C.: "A Budget of 1.2 Billion German Marks"]

[Text] *The draft budget calls for 1,511.65 billion denars which, compared to last year's rebalanced budget, is higher by a factor of six. The increased budget, based on*

*various prerequisites, will require new initiatives, further steps, greater commitments, or additional taxes.*

The way the budget for this year was presented is similar to last year's, with the difference being that the 1993 fiscal year will start even later than last year's, all the more so since the needs for the functioning of the state in 1992 were defined sometime at the start of April, while the rebalancing was achieved literally before the New Year. Now, the draft budget is indeed ready and has been submitted to the Assembly. However, we do not know at what session it will be considered, for no session has been scheduled yet. The government stated that the draft budget should be submitted by the end of June but the dynamics of the situation made this impossible. Now, by the end of April, when the draft has not even been submitted to the Assembly commissions, it appears simply incredible that the final phase of the budget would be achieved, not to say verified, by the end of the first half of the year. This alone indicates that the budget pain has become congenital, for that is precisely the way the previous government of experts, like the current government, operated.

#### Unrealistic Stipulations

The figures included in the draft budget could make one's head ache. In order for the state to survive, the financiers stipulate the need for 1,511.65 billion denars or, by converting this huge amount into a strong currency on the black market (one mark equals 1,280 denars) it is reduced to 1.2 billion marks. Last year's rebalanced budget amounted to 217.8 billion denars, which means that now the budget funds will be increased by about a factor of six. However, these requirements cannot be considered realistic, since last year was a year of major violations of the Macedonian monetary and economic systems. Monetarily, the Republic became independent, and instead of the Yugoslav dinar we were given security bonds, while inflation reached 1,000 percent in the first four months of the year. Actually, not all the elements of an independent state existed. The most realistic factor is the assessment of public production. The total revenue for financing the public works of the Republic would account for nearly 27.2 percent of the state output, as compared to 27 percent in 1992, which means an increase of 0.2 percent.

A contribution to the budget will be the tax on income, to which all juridical persons, regardless of the type of ownership and form of organization. This applies to all types of enterprises of public, associated, mixed, and private ownership, banks, property and personal insurance enterprises, stores, and farms with the status of juridical persons, and all other noneconomic entities. This will also apply to juridical persons engaged in activities in the Republic but centered in the former Yugoslav republics, as well as foreign juridical persons who show an income from activities performed on our territory. Also participating in the forming of the budget is revenue from taxation, the sales tax, judiciary and

administrative fees, customs fees and other import revenue, fines, income from agencies and organizations, reimbursements from the price of petroleum derivatives, and income from games of chance.

#### Structure of Expenditures

The structure of the overall expenditures is as follows: 45.1 percent or 682,220 billion denars for the operating costs of those covered by the budget; this includes wages, and social aid to 38,045 employees in various activities. Fifteen percent of the budget funds or 227,377 billion denars are for defense; 19.6 percent or 296,364 billion denars for social welfare; 12 percent or 181,081 billion denars for economic activities; 3.7 percent or 55,260 billion denars for noneconomic investments; and 4.6 percent or 69,346 billion denars for reserve funds.

According to the drafters of the first version of the budget, as yet to be discussed by the Assembly commissions, the budget is based on several assumptions. One of them is that the fiscal policy should be implemented with a steady tax system and steady activities, efficient payment of commercial fees and taxes. Another is a prerequisite that this year extrabudgetary accounts should be integrated in the budgetary accounts (compensations from the price of petroleum derivatives earmarked for commodity reserves and a fund for the procurement of crude oil, income from fines levied for traffic violations and so forth).

#### \* Protection of Right to Privacy

93BA1039E Skopje NOVA MAKEDONIJA in  
Macedonian 9 May 93 p 6

[Article by V. Damcevska: "Who Defended the Dignity of the Citizens?"]

[Text] *Even though the constitution guarantees protection of one's "dignity and reputation" as well as "the security and privacy of personal information," in front of windows citizens are subjected to much abuse, long waits, and public reading of their information, such as a negative balance in the bank, for example. No one is being held accountable for exceeding the legal deadlines for issuing a certain document!*

Bowing in front of "its majesty" the window, in front of the little round opening of a glass booth, undoubtedly not only bends a person's spine, but also a person's dignity. Many people we spoke with who were waiting at some of Skopje's windows call this a "special phenomenon of the alienation of the authorities from the citizen." Informed people say that in the world there are microphones for normal communication between one side of the window and the other....

This "technical obstacle," however, which leads to bowing in front of the window, is not the only thing that undermines the dignity of the people waiting in front of windows. In order to reach that mysterious round

opening, it is necessary to wait, depending on the window's importance, perhaps one, two, or even more hours, which is nothing unusual. This undoubtedly has to do with the total disorganization of all the services that have any sort of connection with window operations.

### Constitutional Guarantees

Article 118 of the Macedonian Constitution says "The security and secrecy of personal information are guaranteed. Citizens are guaranteed protection from violations of their personal integrity resulting from the registration of data on them through data processing." Contrary to this constitutional right of citizens, cases of obvious violations of it can be found at many windows—for example, the loud announcement of the status of a current account, or, which is even worse, a loud "reprimand" for a red, negative balance.

One of the worst failures to protect personal integrity at windows, however, is undoubtedly bargaining for one's own captive foreign exchange needed for medical treatment. Thus, at the Commercial Bank we witnessed the sad spectacle of one of our fellow citizens, who had to beg humilatingly in front of the window to be paid some money as the equivalent value of her captive foreign exchange, and that was for medical treatment abroad for her paralyzed 16-year-old son! Certainly many people recall the public protest and the appeal to bankers posted on the walls of the city's Trade Center, likewise by a mother with a sick child. But the Constitution also has article 25, which says, "Every citizen is guaranteed respect and protection for the privacy of his personal and family life, and his dignity and reputation." On the other hand, however, a citizen has been forced to beg and explain in front of windows, relating his fate in front of a broad audience of listeners; or else, faced with a hopeless situation in which he does not get what he is seeking from the other side of the window, to post public protests.

Legal protection for human dignity and reputation exists formally. It is regulated not only by the Constitution, but also by several other documents that regulate individual problems. For example, the Law on Administrative Procedure specifies that the documents issued by administrative services should be ready in one month at the latest. Practice shows the opposite, however. Citizens wait for two or three months for one certificate. They are furthermore subjected to a series of abuses, and usually have to come several times in order to obtain the document that is finally ready.

At the windows of the Birth Registry Service of the Administration for Administrative Affairs that are located at Post Office I, citizens are informed by only one posted sheet, without any particular explanation, that the certificates for all those who submitted requests before 2 February, for example, are ready. The other citizens, even though the legal deadline that the Administration was supposed to observe has passed a long time

ago, have to go back obediently and come back again, if they are lucky even then, since it often happens that the data on the window is not changed for days. For example, the notice about the 2 February requests was posted on the window where the finished certificates are issued for almost an entire week!

### Every Innovation Is a Problem

What is obvious is that essentially, every innovation that is associated with a certain document causes a new wave of an endless waiting euphoria. That is the case with the citizenship certificates, the green health cards, various documents for the purchase of socialized apartments.... Nothing here happens simply and in a well-organized manner. These days, for example, it is sufficient to look at the offices of the Social Insurance Fund, where the green insurance cards are supposed to be obtained for all enterprise employees. Real chaos happens here during the first days of every new month. People wait for hours, and in the meantime the clerks at the windows take breaks; people wait until the window is closed right in front of their noses when working hours are over at the Fund....

Waiting in line in front of windows here is already assuming the symptoms of a sort of epidemic, like a "window phobia." The first signs are a stomach ache at the very thought of waiting in front of some window, and that will certainly be followed by varicose veins from long waits and much coming and going in order to bring a whole box full of documents in order to get some other document. The organizers, the officials, or the work supervisors—it is all the same in every case—only repeat that they have many problems, that many administrative matters have to be handled, and that they are not computerized. There are always a thousand and one justifications, but never a concrete solution for overcoming the problems, or acceptance of the essence, that all these services exist for the sake of the citizens, and not the other way around, as the bureaucrats think and work!

### \* Short-Term Loans To Stimulate Agriculture

93BA1032B Skopje NOVA MAKEDONIJA in  
Macedonian 10 May 93 pp 1, 3

[Article by K.C.: "The Effect of the Conversion: Forty-Five Billion Denars"]

[Text] *This refers to loans approved for the growing of wheat, fattening livestock, and cultivating individual farm crops. The loans are to be repaid within 15 months, including a 10-year grace period. Payments will be made in 10 equal semiannual sums, the first due on 30 June 2003.*

Short-term loans from the basic issue are for agriculture. The Macedonian National Bank will convert them into long-term loans. This operation will be carried out parallel to the relationship between banks and farm enterprises. The effect of the conversion of the short-term credits from the primary issue into long-term loans



used by agrarian organizations will be about 45 billion denars, of which 10.7 billion are loans approved for the production of wheat; 2.4 million for livestock fattening; and 31.9 billion for reserves of some farm goods.

These are the essential aspects of the law on the conversion of short-term primary issue loans into long-term loans, passed by the Macedonian Assembly at its last extraordinary session. It is an implementation of the new concept of the Republic's monetary policy, which implies abandoning the present method of approval of loans based on primary issue funds. More specifically it is a question of replacing the so-called selective rediscount loans with other market monetary policy instruments.

The main reason for this transaction is the fact that the system of selective loans used by the Macedonian National Bank proved unable to maintain overall control over the primary issue, under circumstances in which the initiative for such loans belonged to the users, most of whom were in agriculture. Most of the primary issue went to the agricultural sector, which prevented the NBM [National Bank of Macedonia] from providing efficient control over the expansion of the money supply and, therefore, the rise in prices. Furthermore, the NBM was unable to pursue an efficient interest-rate policy, for in setting the discount, its income impact on agriculture was always taken into consideration.

Hence the permanent undervaluation of the discount. It became necessary to abandon the current issuing mechanism. In the future, most of the primary money will be issued on the basis of foreign exchange transactions and the purchasing and sale of securities and bank deposits.

#### **Results in Farming**

With the change, the greatest upheaval will be felt in agriculture. The monetary policy ensures, nonetheless, proper financial support in the purchasing of farm goods from last year's crop and the wheat of the 1992/93 harvest. This way farming will be supplied with the necessary cash for completing the production process.

Furthermore, according to the law on the conversion of the loans, the NBM will approve long-term loans to banks, to be repaid in 15 years. This includes the grace

period of 10 years and semiannual payments. The long-term loans will be paid in 10 equal semiannual payments, made on 30 June and 31 December of each year; the first payment is due by 30 June 2003. The base for the conversion of short-term into long-term loans is their accountability status on 31 March of this year. It is believed that this is the optimal date for starting the financing of the purchasing of all farm goods of the 1992 harvest and the wheat of the 1992/93 harvest.

#### **Less Bank Brokerage**

As to paying for the cost of the loans, the agricultural enterprises are committed to pay the banks a brokerage fee of 2.5 percent annually in two payments. Conversely, the banks will pay to the NBM a brokerage of two percent annually until the loan has been repaid, computed and paid semiannually. As long as they use the loans, the farm enterprises will compute the interest rate on the loan not to exceed the discount of the NBM. The interest will not be paid but will be added to the principal, thus offering the possibility of increasing the turnover funds of farming enterprises. This also means a revaluation of the funds of the primary issue. The agricultural enterprises will thus protect the real value of their financial holdings and would secure funds for the long-term financing of their activities.

It is believed that the implementation of this fiscal operation will create prerequisites for a painless conversion to the new issuing mechanism. Specifically, at the start of the second quarter of the year, funds from the primary issue will be directly invested into priority sectors—exports and farming—thus relieving monetary policy from performing a qualitative function. Its only purpose, as stipulated in the Macedonian Constitution, will be to provide firm control over the primary issue and the amount of cash, the eventual effect of which will be felt through the durable reduction of inflation.

#### **[Box, p 3]**

#### **Loans Used as Turnover Funds**

The conversion of short-term into long-term loans will be based on requests which must be filed by the end users of the loans within 30 days of the enactment of the law. The long-term loan funds will be used exclusively as turnover capital. Conversely, the banks will pay for the cost of the long-term loans and use the funds to pay the loans granted by the National Bank.



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